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Borja Addresses Need To Energize Andean Pact

PY2811024690 Madrid EFE in Spanish 2040 GMT 27 Nov 90

[Text] La Paz, 27 Nov (EFE)—Today Ecuadoran President Rodrigo Borja said: "There are no magic solutions." According to Borja, the meetings of the Andean Presidential Council, held twice annualy, do not resolve regional problems but serve as a forum for the presidents to express their desire to promote the Andean Pact.

Borja said: "There are no magic solutions anywhere; solutions are achieved through hard work and consensus and by overcoming obstacles." He added: "During a simple presidential summit, people express their willingness to make the Andean Pact more effective."

Borja, who arrived in La Paz today on an official four-day visit, held a news conference at the hotel where he is staying minutes after arrival. During his stay in Bolivia, Borja will also attend the Andean Pact presidential summit.

After denying alleged ruptures in view of the rise of other regional agreements, Borja said: "The Andean Pact is enduring the impact of the international crisis. The objective is to pull it out of its lethargy so that it may fulfill the objectives for which it was created."

Borja added: "The Andean Pact is not incompatible with the Rio Group. The Rio Group aspires to establish a common market and perfect the integration process, while the Andean Pact want to be an informal forum in which regional issues are openly discussed."

Borja expressed support for continuing to grant preferential treatment to less developed countries in the area such as Ecuador and Bolivia. But he declined to comment on the scheduled elimination of tariffs in the regional market, although he admitted that Ecuador is not ready to eliminate all tariffs in the mid-term.

Borja said: "We will discuss this frankly, and we will study different proposals and views on the integration process." He added that "the zero-tariff rate" must be "the result of a process whose rules were established at the Galapagos summit."

The Ecuadoran president referred to the "Americas Initiative," which was proposed in June by U.S. President George Bush, as "a change of attitude in traditional U.S.-Latin American ties."

Borja, who praised the opening of U.S. markets to Andean products, said: "We have observed a change of attitude on the foreign debt, which is no longer considered to be an economic problem, but has become a political issue that demands political solutions—as we have advocated all along."

Borja expressed the need for reversing the current flow of capital from the South to the North to "promote investments in our countries on equal terms."

Rodrigo Borja will attend the Bolivian Congress today. He will also visit Potosi, 574 km south of La Paz, and later return to La Paz to attend the Cartagena Agreement summit with his Andean countries colleagues.

Cuba

Alarcon To Vote Against UN Resolution on Iraq

FL2711190990 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Nov 90

[Text] Cuban Ambassador to the United Nations Ricardo Alarcon has stated that the goal pursued by the United States in the UN Security Council is not an Iraqi withdrawal from Kuwait but the overthrow of President Saddam Husayn; and therefore war is inevitable in the Persian Gulf. In his words disseminated by AFP and EFE, Alarcon called the U.S. proposal a blank check for war and a contravention of the UN Charter. This proposal is an ultimatum to Iraq to leave Kuwait and authorizes members of the United Nations to use all means necessary to attain this goal.

Alarcon stressed that, according to the terms of the U.S. document, the Security Council would not use force but it would authorize the nations that have troops in the region to use all necessary means. This includes anything, because the degree of necessity would be determined by each nation. He announced that Cuba will vote against the draft resolution to be presented this Thursday in a ministerial-level meeting of the Council. The Cuban ambassador stated that the text of the resolution has been written so broadly so as to unleash military operations against Iraq, even after Iraqi withdrawal from Kuwait.

The document—approved by the five permanent Council members, United States, France, United Kingdom, USSR, and China—does not specify the deadline for Iraqi withdrawal, it could take place between 1 January and 15 January. Analysts believe that this date would coincide with the arrival of 200,000 more United States troops in the Gulf.

Iraqi Foreign Minister Tariq 'Aziz, who today returned to Baghdad after a brief stay in Moscow, stated that his country will not yield to pressure and criticized the Security Council, which is applying two different solutions to solve a single problem on Washington's instigation. Iraq insists that the Gulf conflict is an integral part of the Middle East situation, and that its solution should be linked to the Palestinian problem.

Malmierca To Attend Meeting

FL2811040290 Havana Radio Reloj Network in Spanish 0336 GMT 28 Nov 90

[Excerpt] Vitaliy Ignatenko, spokesman for Soviet President Mikhail Gorbachev, said his country will vote in favor of a text setting a specific deadline for the Iraqi withdrawal from Kuwait, and noted that Moscow has not considered sending troops to the Persian Gulf.

For his part, Gorbachev met with Saudi Foreign Minister Sa'ud al-Faysal as part of the efforts the USSR is making on the eve of the Security Council meeting during which it is expected that the use of force against Baghdad will be authorized.

In the meantime, Yemeni authorities reiterated that they will not support the war draft written by Washington It has not yet been decided whether country will vote for, against, or abstain.

It was also reported that Cuban Foreign Minister Isidoro Malmierca will attend the Security Council meeting scheduled for next Thursday. Malmierca will be accompanied by Vice Foreign Minister Alcibiades Hidalgo. [passage omitted]

Bush Approach to Mack Amendment Examined

FL2711144890 Havana Radio Rebelde Network in Spanish 1255 GMT 27 Nov 90

[Commentary by Jose Armas from the "Haciendo Radio" program—read by Roberto Canela]

[Text] Some people are wondering why President Bush did not sign the U.S. bill on exports that was approved by the two houses of Congress, a bill that forbids U.S. companies based in other countries to trade with Cuba. This would seem to be, and actually is, inconsistent with the foreign policy pursued by the Bush administration toward Cuba.

Several basic factors, however, explain his position. First of all, the anti-Cuban amendment introduced into the bill by Republican Senator Connie Mack of Florida has not been put to rest by any means. The senator himself said, with great satisfaction after the Senate vote, that he will again present his amendment to the Congress next year. This means that the matter will very likely come before Bush again, and perhaps the congressmen who supported the bill are thinking that the President will be in a more favorable position at that time to approve it.

In our opinion, the Persian Gulf crisis is another factor that kept Bush from signing the bill. It would be very embarrassing for Bush to demand that third countries support the use of force against Iraq while at the same time approving a law reinforcing the embargo against Cuba—an action that does not have now, or ever, any legal, juridical, moral, or political justification.

The third element is that if this bill were to be approved, the United States would be failing to comply with commitments made within GATT and would be forcing other countries to also default on their commitments. The fourth, determining, factor, is the opposition that the U.S. Government encountered from other countries in acepting that law. The Canadian Government, for example, was absolutely emphatic about it. From the outset, it demanded that U.S. branches established in Canada ignore that measure, and emphasized that it is up to Canadian authorities to dictate laws and adopt policies affecting the commercial activities of companies based in Canada.

As we can see, it was political expediency and no other interest that kept Bush from signing that iniquitous bill. There is enough evidence to show that the Bush administration has taken its hostility toward the Cuban revolution to incredible lengths, especially in the present circumstances. Even Wayne Smith, who was chief of the U.S. Interests Section in Havana during the Carter administration, said the following about the bill: The attitude of the U.S. Government and the Congress is so anti-Cuba, that any law that can harm the Castro government is approved, even when it requires expenditures in the millions, as is the case with the TV Marti project. That is the essence of the matter.

'Illegal' Human Rights Party Members Sentenced

PA2811034690 Havana International Service in Spanish 0113 GMT 28 Nov 90

[Report by Marianela Samper]

[Text] The municipal court of central Havana sentenced Tania Diaz Castro to one year in prison, and issued shorter sentences for seven other persons accused of illegal association to commit crime, as stipulated in Article 208, Paragraph 2, of the Cuban criminal code. Case No. 586 of 1990 pointed out the creation of the illegal Human Rights Party in 1988 for the purpose of reporting on alleged violations of human rights on the island. It was proven, however, that the main reasons for the party's creation were political—to attack the revolution and to destroy the socialist system.

During the hearings, the defendants admitted their guilt and contributed pieces of evidence that confirmed their links with the U.S. Interests Section and other embassies in Havana.

It was also determined, by means of witnesses and certifications, that the Cuban Justice Ministry had not granted permission for the legalization of this organization because it did not meet the necessary requirements, such as information on its leaders, the number of members, the address, among other things.

Tania Diaz Castro said that the association was illegal, created by people who were manipulated, and based on anticommunist feelings in the United States. She added that the group was born out of a big lie because a number of signatures that were gathered were falsified and duplicated.

The defendants praised the way they were treated during their arrest by state security officials. The municipal court of central Havana issued sentences ranging from three to 10 months in prison for Cecilia Romero, Emerita Lilia Elejalde, Pablo Roberto Pupo, Eduardo Ruben Hoyos, Mario Menendez, Jose Luis Barsaga, and Rolando Pajes.

Dr. Armando Torres served as the court president; Jorge Bodes as the prosecutor; Jorge Puig, Carla Zumbado, and Mariano Rodriguez represented the defendants.

The court decided to change the prison sentence for one of limited freedom. In addition, the time they served in prison during the investigation process was credited. Now, the defendants have the right to appeal to the provincial court if they disagree with the sentence.

Crombet Streeses Need for Accounting Accuracy

FL2711164990 Havana Radio Rebelde Network in Spanish 1000 GMT 27 Nov 90

[Text] I have read an article that was published in the first edition of GRANMA, and I think it is so important that it is worth reading here. It is an article by reporter Iraida Casadilla that on the great battle being waged against economic crime. The article reads as follows:

Jaime Crombet, vice president of the Council of Ministers, stated at the fifth plenary session of the national committee of the retail trade and restaurant industry union that obtaining reliable accounting; eradicating economic adjustments that are often made to cover up missing inventories; eliminating the system of claims [rec'amacion] between entities—a term we have made up ourselves—; prohibiting the right to reconcile balances [conciliacion] between enterprises; and revising administrative structures from the top to the bottom levels are some of the issues we are working on now harder than ever in retail trade and the restaurant industry.

Crombet said that it is not moral to allow some of our enterprises not to have a reliable accounting system, to have missing inventories, or to make economic adjustments which in many cases cover up theft, lack of inventory control, and bad work. As for claims [reclamacion] between enterprises, he stated that this should be brought to zero, since things must be weighed and measured on the spot and not appear with losses or deterioration after several days. Referring to the right to reconcile balances [conciliacion], he stressed that it is unacceptable because what is needed is for each thing to appear and not to dilute the responsibility.

Crombet confirmed that this is an ideological, political, and moral battle to show that good business can be done under socialism, and he called for keeping up an unyielding struggle against crime, infractors, and criminals and to constantly seek ways to protect the workers and the people.

Official Extends Technology Assistance Offer

FL2711233590 Havana Radio Reloj Network in Spanish 2302 GMT 27 Nov 90

[Text] Cuba reiterated today its willingness to offer technological assistance to developing countries as an expression of South-South cooperation. This was said by Emilio Perez Galdos, director for Sub-Saharan Africa of Cuba's State Committee for Economic Cooperation, during a ministerial meeting of solidarity for industrial development which is being held in Addis Ababa. Perez

Galdos mentioned Ethiopia as an example. He said Ethiopia has received over 4,000 experts in areas such as public health, agriculture, physical planning, and construction since 1977. He also mentioned Cuba's contribution in these 13 years to the Ethiopian textile and construction industry with the building of two cement factory lines.

Rafael Rodriguez Receives Ambassadors

FL2811015790 Havana Television Service in Spanish 0100 GMT 28 Nov 90

[Text] Carlos Rafael Rodriguez, vice president of the Council of State, has received in a solemn ceremony Mr. (Nicolae Petruc), who presented the credentials accrediting him as ambassador of Romania. Carlos Rafael also received from Mr. (Uafid Haver) this morning the credentials accrediting him as ambassador of the Republic of Lebanon to our country. Later, the Cuban vice president of the Council of State accepted the credentials of Mr. (Milutin Stojanovich) accrediting him as ambassador of the Socialist Federal Republic of Yugoslavia.

DPRK Foreign Minister Tours Science Center

FL2811001590 Havana Radio Reloj Network in Spanish 2227 GMT 27 Nov 90

[Text] Kim Yong-nam, vice president of the government and foreign minister of the DPRK, visited today the Immunoessay Center in this capital. Kim Yong-nam, who is also member of the Politburo of the Korean Workers Party Central Committee, was received at the scientific installation by Dr. Hector Urquiza, director of technical assistance, who gave a detailed briefing on the center to the visiting delegation.

DPRK 'Experts' To Help With Pan-Am Games

FL2711190190 Havana Tele Rebelde Network in Spanish 1800 GMT 27 Nov 90

[Text] Alberto Juantorena, vice president of the INDER [National Institute of Sports, Physical Education and Recreation] was received in a special audience today by DPRK Vice President Yi Chong-ok. One of the most important agreements reached at the meeting was that experts from the DPRK will help in the preparation of the opening and closing ceremonies for the Pan-American games.

The (?contribution of the Koreans) will guarantee greater color and beauty to the ceremonies. [Words indistinct] when he decided not to send athletes to the Seoul Olympics.

At the end of the meeting, the Korean leader asked Juantorena to convey an affectionate greeting from Kim Il-song to Fidel Castro, and to the Cuban people and athletes.

Dominican Republic

Commentary Downplays Private Banking Crisis

FL2711172890 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 27 Nov 90

["Today's Topic" commentary: "The Solidity of our Banking System"]

[Text] Our private banking system was subjected to a harsh test the past week, especially yesterday. Three banks closed; including a bank composed of three recently-merged banks. Another bank consisted of two institutions that merged a few months ago, and the third was an institution operating on its own. In summary, six private banking institutions were involved, all of them affected by serious overdrafts that caused insufficient reserves in the so-called banking clearinghouse.

The situation generated panic, not because of the problems of the banks involved, but the result of rampant rumors. The Central Bank—both the bank governor's office, the Monetary Board, and the Office of the Banking Superintendent—moved quickly to take emergency measures to pinpoint the serious problem and to guarantee the situation of absolute solvency and proper administration. To this was added the valuable pronouncement by the country's two largest banking consortiums: the Dominican Popular Bank and the Dominican Trade Bank—institutions that offered to provide everything needed to prevent the panic from causing liquidity problems in the other banks.

In short, everything is being resolved satisfactorily, and it is possible, and we would almost certainly say , that the nation's private banking system will be strengthened by this crisis. Congratulations to all.

Haiti

CEP Eases Candidate Documentation Requirements

FL2711202590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 27 Nov 90

[Excerpts] The Provisional Electoral Council [CEP] advises political parties and the electorate that it has decided to facilitate the participation of candidates for municipalities and the Communal Section Administration Council [CASEC]. In the latter case, the CEP has decided to accept the candidacy depositions of those lacking certain documents but possessing baptismal records or birth certificates. [passage omitted] This measure is being taken to accommodate the administrative structures of rural areas.

In spite of complaints from the parties, and after analysis of dossiers, the CEP has agreed to recognize these documents as valid, not only for CASEC candidates, but for municipal candidates as well, but notes that these candidates are expected to clarify their situation later.

UN Official Explains Role of Election Observers

FL2711164490 Port-au-Prince Radio Soleil Network in Creole 26 Nov 90

[Excerpts] General Gabriel Zuliani, UN head of security reaffirmed that it is not its responsibility to ensure security during the 16- December elections in Haiti. He remains confident, however, that the Haitian Army will fulfill the formal commitment.

[Begin unidentified reporter recording] Security during the 16 December elections is not the responsibility of the UN observers. It is the responsibility of the Haitian Armed Forces [FADH], who are free to take advantage of the experience of UN technicians in election security matters. This statement—to clarify confusions among the population that the international observers are there to provide protection during the elections—was made by Brigadier General Gabriel Zuliani, head of the UN security observers.

In a radio documentary on the role of the UN observers in the electoral process broadcast by the UN over the weekend, General Zuliani explained that there are only 65 UN observers for the entire country. They have no arms. Their transportation and communications resources do not even meet their needs. The FADH cannot therefore rely on material help from the observers who are here only to monitor, note, and report what they see. [passage omitted]

Producing a security plan for the elections will not be easy for the FADH, as they have neither sufficient manpower nor adequate materials, said General Zuliani. Needs will vary from place to place, he added. The problems, as well as solutions will depend on the quality of collaboration among the elements in charge of security during the elections. In view of the situation, General Zuliani—who considers it a challenge for the FADH—asserted that the security officials, including Colonel Raoul Cedras [name as heard], find themselves in a position which requires setting priorities while taking risks, applying pressure, and taking all necessary measures just in case. [passage omitted]

The UN security head admitted that no plan has been developed for handling the possibility of trouble during elections. [passage omitted] On the basis of his contacts in the Army and among the foreign observers, he finds that there is no anxiety about the elections. [passage omitted] [end recording]

State Council Requests Investigation Report

FL2711172090 Port-au-Prince Radio Haiti-Inter in Creole 2100 GMT 23 Nov 90

[Text] In a press release addressed to the Haitian Press Agency [AHP], dated 23 November 1990, the State Council reveals that it is requesting investigation results into the 21 June attack on the State Council. The Council states it sent a letter, this past week, to the government commissioner, lawyer Bayard Vincent, and to the American Ambassador in Haiti, Alvin P. Adams—nicknamed Loaded Donkey Does Not Stand Straight—requesting a copy of the investigation report prepared by American police, and which is meant to address all concerned parties. Serge Villard, member of the State Council, and union member Jean-Mary Montes, were both killed in the attack on 21 June, when four armed men dressed in dark green uniforms interrupted a meeting organized by the popular sector in the Villa-Solidarite.

According to a reliable source, members of the State Council and the Villard family freely cooperated with American police experts conducting the investigation. Mr. Saver [as heard], chief of Interpol, stated on November 12 that only the Haitian Government can present the results of the investigation to the population and the media. The ministers of interior at the Justice Department promised on 26 June, to conduct a speedy investigation and to prosecute the murderers.

For many observers, the fact that the guilty people are free indicates that democracy and peace are fragile, and that the perpetrators could easily repeat the crime. Observers are deeply worried because armed people who killed others, are still acting without restraint. The Inter-American Commission for Human Rights gathered information regarding the case while visiting Haiti recently.

Aristide Campaigns in North of Country

FL2811155090 Port-au-Prince Radio Metropole in French 1700 GMT 27 Nov 90

[Text] Jean-Bertrand Aristide, presidential candidate for the National Front for Change and Democracy [FNCD], is conducting his electoral campaign in the North and North-East regions of the country, according to an FNCD press release. Jean-Bertrand Aristide's scheduled activities include a press conference in the city of Cap-Haitian; a visit to Limbe, Ouanaminthe, Fort-Liberte, and Grande Riviere; a trip to Gonaives to memorialize the three students killed in the City of Independence in 1985. On Thursday, 29 November, Jean-Bertrand Aristide will be at Ruelle Vaillant to place a bouquet of flowers in memory of the victims who fell during the aborted 1987 elections.

Trinidad and Tobago

NAR Party Faction Disclaims Ken Butcher Views

FL2711194390 Bridgetown CANA in English 1539 GMT 27 Nov 90

[Text] Port of Spain, Trinidad, Nov. 27, CANA—A constituency branch of the ruling National Alliance for Reconstruction (NAR) has distanced itself from a call by its Parliamentary representative for Prime Minister A.N.R. Robinson to step down as party leader.

Umesh Rampersad, chairman of the NAR's Barataria/ San Juan constituency branch, said the views expressed by Parliamentary secretary in the Ministry of Health, Ken Butcher, were not the views of constituents.

"Please be advised that the comments and suggestions as reported by the daily newspapers attributed to the honorable member of Parliament for the Barataria/San Juan constituency, Mr. Kenneth Butcher, at the recent annual conference, are in fact his personal views, suggestions, and expressions," said Rampersad in a letter to the NAR.

"I trust this will clarify the situation," he added.

Butcher issued the call at the annual constituency branch conference over the weekend when he said it was time for Robinson to step down. He said Planning and Mobilisation Minister Winston Dookeran, one of the two NAR deputy political leaders, should take over from Robinson when the party's annual conference comes off on December 9.

Dookeran has declined to challenge Robinson for the post of political leader, one of several which can be contested at the annual conference. He said the party should rally around Robinson.

Salinas Greets Bush at Monterrey Theater

PA2711195190 Mexico City Television Service in Spanish 1653 GMT 27 Nov 90

[Speech by President Carlos Salinas de Gortari at the Nuevo Leon theater in Monterrey—live]

[Text] Your Excellency, Mr. George Bush, President of the United States; Mrs. Bush; distinguished members of your party; ladies and gentlemen:

We are very pleased to have the U.S. President visiting us. It confirms our common purpose to strengthen relations between Mexico and the United States. [eight-second break in reception] the hemisphere of the Americas. I am convinced that within the spirit of the end of this century, we have initiated a new way of seeing in each other an opportunity for benefit and an occasion for friendship.

That is the way we undertand the advantages of being neighbors, and this stimulates us to emphasize the coincidences of view and respect, and to overcome the differences taking advantage of the shared interests for specific benefits. The new spirit that encourages us is the determining factor in our relationship. As of now, it is confronting the challenges of the 21st century and the internal changes within our countries as well as the intense inter action.

Changes are taking place outside our countries, and a new world with still-uncertain orientation being formed. As witnesses to unusual events, we are aware that history surprises us with deep changes. The dreams of freedom and the demands of justice have escaped from the myths that seemed to imprison them, and are now returning to where they always were, that is, at the service of the men and women of our times.

President Bush is the architect of the end of the cold war. We recognize the new opportunities you have created, and that allow us to imagine what the world will be like in the next century. No matter how big they may seem, today's world challenges have surpassed the rigidity of bipolarity.

Undoubtedly, the grave crisis in the Persian Gulf dramatically shows that we should be cautious in our optimism, that Iraq still displays an arrogant attitude as a result of the invasion; and that no lawful nation can accept the impunity of the aggression against Kuwait. A renewed international community, however, allows one to cherish the hope that international law will prevail above the invasion, whims, and arbitrary actions. Mexico firmly supports the resolutions of the UN Security Council. [applause]

The new uncertainties call for new civilized solutions. The world hopes these new paths will be strengthened. These international political changes have been the occasion for greater cooperation between Mexico and the United States within the framework of the UN. We have also been able to concentrate our hemispheric attention in a more effective manner on the great topics of development and peace.

The creation of new financial, commercial, and technological centers in Europe and the Caribbean Basin present new challenges to our countries. Competition for markets increases pressure for modernization and making more efficient the means of production.

We can avail ourselves of complementing our economies and the comparative advantanges that each one should promote. The capabilities of our countries, together with those of Canada, will increase each our strength. Mexico has proposed to the Latin American countries that a free-trade agreement with the United States and Canada will probably make our country a solid commercial bridge between the north and south of our hemisphere.

Therefore, we support your subregional integration efforts, and we participate in some of them. That is why we also favor the Enterprise for the Americas initiative that you, President Bush, proposed last June to form a hemispheric free-trade area, linking it to the solution of the debt problem and the promotion of investments. This will allow the hemisphere to compete more effectively with economic blocs of other areas and allow us to forge our relationship into a strategic alliance of international cooperation.

Much has changed inside our nations. My country is modernizing its economic structures and renewing its political institutions. There is a new social atmosphere for overcoming the old problems of poverty and placing Mexico among the vanguard nations of the world. We are determined to do this in freedom, while opening new productive opportunities and strengthening a new feeling and a very particular and deep conviction of all Mexicans—Solidarity.

We have left behind the years of economic stagnation. We are now beginning to reap the benefits of an intense process of adjustments and structural changes. We have already abandoned the most acute times of crisis, the debt. We are mainly concerned with the issues of productivity, investment, and growth. From the beginning of the change, an emphasis has been placed on maintaining a firm fiscal discipline and fighting inflation. In both cases, the results have been encouraging.

We are advancing toward an economy that is open to foreign and internal competition and more efficient and attractive for the creative investment of new sources of employment. These great changes in Mexico have also met with a new awareness of changes in your country.

It is an awareness of international competition that forces us to look closer into the problems of productivity and efficiency of a great economy that is awakening from complacency. It is the importance of fiscal discipline that seeks to combat long-time deficits that affect our nations and the world. And above all, we are determined to struggle against drug trafficking and, most of all, drug

consumption. It is an ecological complacency that is concerned about public education. [sentence as heard] It is the awareness of uplifting the good nature of the Americans, something that William James called the will to believe, that is important to us. This new awareness re-evaluates our relationship and recognizes our interdependencies.

President Bush, With the shared endeavour of our peoples and governments, the United States and Mexico are building a new bilateral, dignified, and constructive relationship. Therefore, we will know how to solve natural problems within such a complex and extensive relationship through a frank and goodwill dialogue that has been characteristic of all our meetings.

As is quite normal, our countries and the world have placed great expectations on our countries eventually signing a free-trade agreement. We want this treaty to create jobs on both sides of the border. We want it to create a secure climate for investment. We want it to represent reciprocity and provide incentives for our exports, and we want it to increase the competitiveness of both our economies. The economic measures that the Mexican people decided to adopt in response to their domestic needs will be strengthened by foreign investment, open trade, and just and objective ways to solve conflicts.

My government's priority is to promote full employment and the well-being of all Mexicans. Once this is achieved, we will have solved the harsh situation of our fellow countrymen who work hard in the rural areas and the low-income neighborhoods in the cities, as well as those who are forced to migrate to the other side of the border.

In the meantime, there is a legal and moral duty to attain respect for the human and labor rights of these immigrants and their families who, with their work, are undoubtedly contributing in a positive manner to the development of the U.S. economy. Any violations against their moral and physical well-being on either side of the border are an affront to the values in which both nations believe and a source of concern for all men of goodwill.

Respect for all individuals is part of the Mexican heritage and a deep conviction shared by all Mexicans. May this always be the way here and there for those who want to work and live in a more dignified manner. [applause]

With this same spirit of mutual support, we will continue working against the drug trafficking organizations that do not respect borders.

International cooperation is vital and is attained by increasing our channels of information and through trust. This cooperation will enable us to increase the efficiency of our struggle against drugs in our countries. The war against drugs, however, must strictly adhere to respect for human rights and must never be used as an excuse to violate these rights. In our relations with other countries, we must uphold our firm position in this total war against drugs, but maintain full respect for the sovereignty of other nations. Each of the countries that is afflicted with any of the links in the drug traffickers' criminal chain—actual drug production, the gunrunning that protects the traffickers, the money laundering that conceals them, the acquisition of chemical products to produce drugs, and the distribution and deadly use of drugs—must make an active effort to defend itself. No country is exempt from this evil and none suffers more than another. The cost for Mexico is measured in lives lost in this war against drugs and the orphans it has left. Other countries have lost the souls of its youths as it has become addicted to drugs.

The foundation of our civilization has been undermined by this social cancer. A world without drug trafficking or drugs is not a utopia. There is the real possibility that law will prevail, so that the moral health of our nations and our families is preserved. That is why we strive to win this struggle. There is no doubt that it is a hard and complicated struggle, but we cannot surrender.

The same political will expressed by the United States and Mexico in combatting drug trafficking has also been expressed in the defense of our ecological system and the preservation of our environment. Based on equality, reciprocity, and mutual benefit, we have coordinated actions to deal with air, land, and water contamination problems along our border areas. We are preparing an integrated program, with the participation of the communities in the area and interested environmental groups, to advance actions in this respect.

We have already begun important work on cleaning up the Rio Bravo, and on a binational plant to treat the residual waters in the Tijuana-San Diego area. This demonstrates the scope of Mexico-U.S. cooperation. It is evidence of the zealous spirit that will accompany our future actions. It is based on respect for nature, and on the common wish for a well-balanced environment that will be adequate to fully develop the individual and the community.

Ecology and economy must not only exist together, they must be part of each other. Our nations have much to share and much to cooperate. We identify with what will be the same concerns for generations for better health and being better able to cope with the challenges of the world.

We now know each other better. Our rich and strong national and cultural identities have come face-to-face. We have new agreements and programs in the fields of education and culture. Education has always been a priority in the policies of our governments. Our youths demand quality education because they are aware of the challenges they will face in the approaching century.

They want greater exchanges; they want to deepen the outlook of their country and the world. Young people want to better understand the new rules for actions by enterprises and governments, and they want to understand their indispensable role as agents for change.

Culture strengthens our people's identity. Through it, the Mexican people have woven the history of a nation that is proud of its past and can face the winds of change with confidence. Hence, we want our culture known in all its force and richness. The grand exhibition displayed before the millions of Americans who have visited the New York Metropolitan Museum of Art has an authentic luster here—Mexico's splendor through 30 centuries.

We hope to see in Mexico the rich artistic, scientific, and literary creations of the United States. By learning more about our respective cultures, we can know more about each other, eliminate the specter of misunderstanding, and open the broad paths of friendship.

Mr. President, only people who are free can and know how to be friends. That is the case with the United States and Mexico. By the same token, the bonds that unite us are firm in thought and action. As expressed in the U.S. Constitution—which has inspired our Latin American forefathers—we are obliged to guarantee the blessing of freedom for ourselves and for posterity.

This encounter is a sign of our times and meets expectations. It takes place within the framework of the historical traditions of two rich and magnificent cultures, those of our respective people. This is the stage for our joint action and the opportunity that will enable us to convey the constructive energy of our societies. Together, the people of Mexico and North America will reap the fruits of effective accomplishments and dreams will come true.

Ladies and gentlemen, we have advanced, particularly with this visit, in our bilateral relations as seldom before in our long history. I want to state publicly that in all meetings with President Bush I have found him to be a man who is respectful and interested in our future. He has been very attentive toward our nation, always sensitive regarding our identity. President Bush seeks reason and consensus and knows to listen before acting. He expresses the grandeur of his people's spirit. Again, welcome to Mexico, President Bush! [applause]

Toasts President Bush

PA2811002190 Mexico City Red Nacional 13 Imevision Television in Spanish 1859 GMT 27 Nov 90

[Toast by President Carlos Salinas de Gortari to visiting U.S. President George Bush at the Government House in Monterrey, Nuevo Leon—live]

[Text] Your Excellency George Bush, President of the United States of America; Mrs. Barbara Bush; distinguished members of the retinue that accompanies you; Supreme Court president; Senate Commission president; Chamber of Deputies Commission president; Nuevo Leon governor; Governors of Mexico's northern border states; national and local political party leaders; members of the state's legislative and judicial branches; Mr. Mayor; Labor Congress president; Mr. Secretary General of the Confederation of Mexican Workers; national and state labor leaders; Mexican business leaders; academics and intellectuals; ladies and gentlemen:

It is a great honor to have among us, at this state luncheon, President Bush, his distinguished wife, his family, and his presidential assistants. This is the sixth time we have met, to honestly analyze the state of our countries' bilateral relations amid a spirit of cooperation. It was in Houston where a new spirit was born to change proximity into opportunity, differences into respectful dialogue and negotiation, and different cultures into praise and consideration.

A spirit of respect and cordial treatment prevails in our future outlook. We remember the past and trust we are overcoming the myths and distrust, as well as the problems that today we see as challenges; this is something we want and should resolve. We gladly accept the responsibility of building a new relationship, aware that there is no time to lose, willing to take advantage of the enormous amount of imagination and talent that moves both our societies. Our bilateral agenda is very rich in content and goals. International changes affect our two countries, opening opportunities for cooperation so as to face them.

New world economic centers increase competition. It is vital for our national interests to come out ahead. Both our countries benefit when we join efforts. Our society's most treasured values gain with the will to exchange and the objective resolution of our differences. We therefore firmly hope that the most important topics for bilateral cooperation such as trade and investment, immigration problems, the fight against drugs, ecology, education, and culture, are bolstered for our mutual benefit.

Mr. President, my fellow countrymen inspire in me the confidence to want to change Mexico into a modern country, and thus we fully commit ourselves to these new international realities. We see these new trends not as a threat to our sovereignty, but as opportunities to make our national project more viable. It is with this goal in mind that we are ready to boost, with deeds, our bilateral relations. Mexico and the United Sates, Mr. President, intensely engage in trade in many ways. Today we have found the ways to carry out this trade in an orderly manner, with greater fairness, and with greater advantage for both our countries.

This new meeting is of a magnitude comparable to other worldwide changes—perhaps not as spectacular, but deeper. The center of this important change lies within the spirit of the people you and I have embodied with our resolve to serve them, and that is why we have done so with understanding.

The sign of change is a dialogue with the will to change and resolve, and where this might prove difficult, to learn to coexist respectfully with our differences. We are establishing a true opportunity for those things that bring us together, and we are working for the benefit of all.

President Bush, let us take advantage of these new conditions and coincidences in order to become stronger in response to the intense international competition for markets. Let us imbue our negotiations with our societies' impetus for open and reciprocal trade and investment. Let us raise our cultural levels, each within the other, to strengthen each other's respect and dignity. Let us struggle together in our respective societies in favor of health and education and against our enemies of drug trafficking, poverty, and environmental deterioration. Let us ensure peace and harmony on the continent and throughout the world, based upon the solid foundation of international law.

These are our people's causes and the permanent reasons for our friendship. Expectations have been raised in our societies concerning the benefits of a new era of bilateral cooperation, and specific steps and increased benefits are expected. Our governments are demanding these steps and benefits and our people deserve them.

Once again a dignified and cordial manner and positive results prevailed during our talks. This is but the reflection of our common goals, which are to broaden our agreements and promote a union of perceptions and attitudes that will prove beneficial for our peoples.

Ladies and gentlemen, President Bush adopted the State of Texas as his home. My family and my roots are here in Nuevo Leon State. A special spirit is growing within these neighboring states. Alfonso Reyes, an illustrious mind born in this state, used to say that the population is made up of heros, that they are champions in a laborer's shirt, that they were unwitting philosophers, great Mexicans without attitudes created for the moment and, I believe Reyes used to say, a happy men. It is with this same candor and firmness, with hopes in renewed neighborliness, and especially wishing the greatest well-being for President Bush and his family, that I ask you all to toast with us this afternoon. [applause]

Fights Reported in Yucatan, PRI Claims Victory

PA2811034390 Paris AFP in Spanish 2354 GMT 26 Nov 90

[Text] Mexico City, 26 Nov (AFP)—Numerous fights between pro-government and opposition groups took place on 25 November during municipal elections in the State of Yucatan. Meanwhile, opposition parties symbolically seized the Hidalgo State Congress, demanding recognition for their victories, which were attributed to the ruling Institutional Revolutionary Party (PRI).

Both the PRI and the right-wing National Action Party (PAN) claimed on the morning of 26 November that they had won in Merida, capital of Yucatan State, while the PAN and the PRD (Party of the Democratic Revolution, center left) reported many irregularities at polling places throughout the city and in various municipalities.

The clashes, particularly in Merida, resulted in more than 25 injured—one of them with bullet wounds—and fighting over ballot boxes was reported. The PAN stated that many of the ballot boxes were stolen or altered, and that its activists were not allowed to vote.

Hundreds of PRD and Authentic Party of the Mexican Revolution activists seized the congress in Pachuca, capital of Hidalgo State, where the elections were held on 11 November. The activists shouted "solution and democracy" while demanding the recognition of their victory in eight municipalities, which were given to the PRI.

Following the peaceful demonstration, the participants obstructed traffic on two highways for approximately one hour.

Pemex Announces Crude Oil Price Reductions

PA2811041090 Mexico City NOTIMEX in Spanish 0701 GMT 27 Nov 90

[Text] Mexico City, 26 Nov (NOTIMEX)—Petroleos Mexicanos [Pemex] reported tonight that the new prices of Mexican oil exported to Western and European countries will take effect on 1 December. The measure was decided today by the committee [words indistinct], which added that the price adjustment is an attempt to make the prices of Mexican crude oil compatible with those on the international market.

As a result of the price adjustment, the price of the "Olmeca" crude oil shipped to the Western hemisphere, will be down by $0.25 per barrel; the light "Isthmus" will be reduced by $0.15 per barrel; and the "Maya" by $0.50 per barrel.

In addition, the price of the Mexican heavy crude oil "Maya," which is shipped to Europe, was cut by $0.50 per barrel, but the price of the heavy crude "Isthmus" will remain the same.

UAE To Ask for Mediation of Gulf Crisis

PA2711235790 Mexico City NOTIMEX in Spanish 2113 GMT 27 Nov 90

[Text] Mexico City, 27 Nov (NOTIMEX)—Shaykh Abdulla bin Zayed al-Nahayyan, the new United Arab Emirates [UAE] ambassador to Mexico, announced today that his government will ask Mexico to act as a mediator at the United Nations to achieve a peaceful solution in the Iraqi-Kuwaiti conflict.

Upon his arrival at the Mexico City International Airport, Shaykh Abdulla al-Nahayyan, who will present his credentials to President Carlos Salinas de Gortari on 28 November, pointed out that "we cannot accept the U.S. military occupation due to the conflict in the Persian Gulf."

Saying that the conflict is becoming increasingly intense, and that it is threatening to destabilize the area, al-Nahayyan added that he will ask the Mexican Government to intercede in order to achieve a peaceful solution of the crisis, which is no longer a regional, but a worldwide issue.

He said that the Mexican UN representatives will help interpret the resolutions adopted by the top organization before the first two weeks in January, which is the deadline for Iraq to withdraw from Kuwait, "because if it does not, drastic measures will be adopted."

"Iraq has closed the doors on a prompt solution, and because of this we support any United Nations decision," al-Nahayyan explained.

The Arab diplomat said that his country desires peace and stability in the Middle East. "Following the Persian Gulf conflict," he added, "we must solve very important issues that are pending, such as peace for the Palestinian people."

Al-Nahayyan said that because Iraq is one of the richest countries in the east, when it occupied Kuwait, it distabilizedthe entire region and caused large financial losses in oil revenues.

Concerning relations with Mexico, the new UAE ambassador said that he hopes that trade between the two nations will increase, especially with regard to oil because "my government wants Mexico to keep its oil prices stable."

El Salvador

FMLN on 'National Army for Democracy'

PA2711230790 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Nov 90

["Statement" issued by the General Command of the Farabundo Marti National Liberation Front (FMLN) on 26 November; place not given—read by announcer]

[Text] The following is a statement issued by FMLN regarding turning its military forces into the National Army for Democracy [Ejercito Nacional para la Demcoracia]:

1. The National Army for Democracy is a professional and transitory army that obeys the leadership of the FMLN political front. We have formalized the military structure of the FMLN as a national army to fully guarantee the total demilitarization of the country during times of war and in the negotiating process.

2. Turning the FMLN military forces into an army after 10 years of war is a legitimate action. It is based on a political situation that places it on a higher plateau than the current legal order of a country that has manifested a double standard regarding the powers of the military and territorial, social, and political aspects. This is a situation that has been recognized at the national and international levels.

3. The Armed Forces systematically violate human rights and all democratic and legal principles; therefore, it is illegal and illegitimate. Its existence depends entirely on repression and the terror it imposes on the civilian population and society, as well as on the moral and material support of a foreign power.

All the political constitutions in the history of our country have been violated by the Armed Forces. The Constitution, therefore, can in no way justify any claim to exist as an institution, as the military has claimed with impunity and terror.

The Armed Forces are illegitimate because they are the result of the militarism that has prevailed throughout our history and that was the result of a prolonged military dictatorship in El Salvador. No one voted for it; however, it truly rules in the country. We are living in a society that has been militarized by the most murderous, antidemocratic, corrupt, and inept army in the hemisphere.

4. The Armed Forces should be abolished. The military wants the FMLN to disband its forces in exchange for a simple promise that it will reduce the size of the Armed Forces and behave. In El Salvador, the roots of militarism are much too deep. An army, no matter how small, or a police force dominated by that same military, will eventually impose itself on civilian society.

To ensure democracy and to contribute toward development by eliminating unproductive expenses, the current Armed Forces should be abolished. Instead, there should be a new police force, to be overseen by civilians. National sovereignty is not being threatened, and in the event it were, a military doctrine should be elaborated upon, based on the will of the civilian population and society for the defense of the nation.

5. The National Army for Democracy will exist as long as the antidemocratic Armed Forces exist. We struggle to achieve peace and the total demilitarization of society. Once civilian society and democracy are established, our army's reason to exist will have ceased.

[Signed] FMLN General Command

[Dated] 26 November 1990

FMLN on Downing of Helicopter, Army Clashes

PA2711230890 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Nov 90

[Text] FMLN [Farabundo Marti National Liberation Front] units have occupied a stretch of the coastal highway between the detour to Jiquilisco and the detour to San Agustin. Our units have also clashed with Jucuaran Battalion troops and 6th Infantry Brigade commandos, which fled in disarray. Our units captured an M-16 rifle, 10 brand new gringo knapsacks, and a LOW rocket launcher. Four casualties resulted from the clash, and the highway was occupied for seven hours.

Attention, we have the story of the helicopter gunship that was shot down. Pay careful attention. In this same area, during the clashes we have just described, an UH-1M helicopter gunship showed up to support its land troops. Our anti-aircraft units opened fire against this helicopter and shot it down in the area of the clashes. When our units reached the area where the helicopter had crashed, the pilots had, unfortunately, escaped. Our units seized the helicopter and proceeded to dismantle it. Our comrades reported that they took 50 cartridge belts for machine guns and other war materiel from the helicopter, which was turned into a pile of twisted iron this afternoon. The helicopter was later completely destroyed.

Meanwhile, our units occupied the town of Santa Elena, four km north of the 6th Infantry Brigade Headquarters in the city of Usulutan, and the town of Nueva Granada, located north of the city of Usulutan. Other FMLN units occupied the town of California and carried out political activities. Our units sabotaged the installations of the San Ambrosio coffee processing plant. This plant was sabotaged because it is one of the most important in the eastern part of the country. We have been damaging the war economy, and the useless and incompetent Armed Forces have been unable to stop us.

FMLN Reports Usulutan Maneuver

PA2811014290 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Nov 90

[Text] Today, 26 November, units of the National Army for Democracy, during the Punish the Antidemocratic Armed Forces campaign, initiated a regional maneuver that included the entire department of Usulutan, where the following actions have taken place. Pay attention:

First, at 0415, our units attacked positions from Usulutan Battalion in the town of Jucuaran, located in the southeastern part of the department. The maneuver began with a sudden attack on positions at El Vigia Hill and Alturas del Cementerio. Subsequently, our units occupied the town after defeating enemy troops in the eastern part of Jucuaran. The clashes lasted until 1300. The enemy received support from A-37 and C-47 planes, as well as helicopter gunships with 105-millimeter guns. Densely populated areas were bombed.

Attention please. As a result of this clash, we inflicted 35 casualties on the enemy, including 14 dead. We have captured the following war materiel: a complete 81-millimeter mortar ready to be fired, 10 grenades for 81-millimeter mortars, two M-60 machine guns with 13 cartridge belts, seven M-16 rifles, a PRC-77 radio, 11 knapsacks, abundant ammunition, and other equipment. In addition, we captured a prisoner of war.

FMLN Attacks Banks, Protests Privatization

PA2711233190 San Salvador Canal Doce Television in Spanish 0300 GMT 27 Nov 90

[Text] Three banks were damaged by dynamite last night by the FMLN [Farbundo Marti National Liberation Front] in San Salvador. According to the guerrillas, these attacks are in protest against the privatization of the banking sector. The explosions were heard at the same time between 1800 and 1815 local on 26 November. One of the banks damaged was the Financiero Bank, San Jose branch, located between 39 North Avenue and [name indistinct] University, San Jose neighborhood.

[Begin recording] [Unidentified witness] There were two explosions inside. Most of the roof and all of the ceiling has been destroyed. No one knows the status of the furnishings inside because no one has gone inside yet.

[Reporter] How many individuals did you see, where did they come from?

[Unidentified witness] I saw two individuals who ran from that corner to the street over there. [end recording]

This is the second time that this branch has been dynamited. The first time was in May 1989. The Comercio Bank, San Miguelito branch, was also a target last night. Two explosive devices were launched, but one was defused by 1st Infantry Brigade soldiers.

[Begin recording] [Second unidentified witness] They defused the bomb.

[Reporter] Who did?

[Second unidentified witness] The soldiers did, and a little box was left behind.

[Reporter] Then only one device exploded?

[Second unidentifed witness] Yes, I think it was a grenade that they threw, because they threw it to the top of the building. [end recording]

Apparently, the damage was minor. Inside the building, however, there seems to be extensive damage to the furnishings and equipment.

The third damaged bank belongs to the Savings and Loan Association, Central American branch, located at Pasaje Colon and Alican Street, in the Central American neighborhood. Several windows from neighboring houses were broken; however, no injuries have been reported.

According to telephone calls made to the media, the sabotage was perpetrated by the Modesto Ramirez Central Front urban commandos and is linked to the beginning of a new campaign being waged to protest the privatization of the banking sector. According to the phone calls, the length of the campaign is indefinite, and it can be expected to escalate until the government reassesses its banking policy.

FMLN Says Government To Murder Opponents

PA2811044390 San Salvador Canal Doce Television in Spanish 0323 GMT 28 Nov 90

[Text] The Farabundo Marti National Liberation Front [FMLN] today issued a communique stating that a government plan exists to murder opposition political leaders, religious personages, members of people's organizations, and guerrilla commanders—both in El Salvador and abroad.

According to the FMLN, this has already been reported to international organizations and the U.S. Government. The guerrilla command warns in the communique that it will respond to this alleged plan in self-defense.

Meanwhile, the government strongly rejected the FMLN suggestions mentioned in their communique. According to a presidential palace communique, the rebel's attitude is intended to harm the government's credibility and prestige in the eyes of public opinion, locally and internationally. The government already holds the FMLN responsible for any sort of attack on Salvadoran figures. The government also says that the FMLN is plotting criminal actions that do not contribute toward attaining a political solution to the conflict.

Armed Forces Report Clashes in Chinameca, Nejapa

PA2711191790 San Salvador Canal Doce Television in Spanish 0300 GMT 27 Nov 90

[Text] The Armed Forces have killed one and wounded six members of the Farabundo Marti National Liberation Front [FMLN] during fighting that took place this past weekend in various parts of the country. One of the battles took place in Chinameca, where members of the 3d Infantry Brigade clashed with the rebels, killing one and wounding four. Later, Atlacatl Battalion troops wounded two guerrillas during an armed clash in Nejapa, where the troops also seized two rifles with their respective ammunition.

The Armed Forces also reported that on 24 November FMLN urban commando groups shot 2d Lieutenant Juan Carlos Martinez near 73d Avenue South in San Salvador. It was also reported that six soldiers were wounded on 26 November when their military vehicle was ambushed near the Flor Blanca neighborhood.

Social Democratic Ungo on FMLN Missile Use

PA2811034290 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 27 Nov 90

[Text] Social Democratic leader Guillermo Manuel Ungo has stated that the use of missiles by the Farabundo Marti National Liberation Front, FMLN, changes the outlook of the war and accelerates the negotiation process. Ungo said that the rebels' use of these weapons tends to improve the talks between the government and the guerrillas, which have reached a deadlock over the demilitarization of society and reforms to the Armed Forces.

The use of missiles is not the worst thing that has ever happened in Central America, Ungo stated. He said that the demobilized Nicaraguan contras used these missiles against the Sandinist People's Army for more than 10 years in their efforts to defeat the latter.

Ungo said: Last week the FMLN shot down a Salvadoran Air Force combat airplane with a missile and killed one of the two pilots. One missile is not the same as 100 missiles; one airplane shot down is not the same as 10 airplanes shot down. This is not the first time that this has occurred in Central America, yet the other cases were not publicized that much, added Ungo, who is also vice president of Socialist International.

Nicaragua

Workers Evacuate Radio Nicaragua Installations

PA2811013890 Managua Radio Ya in Spanish 1200 GMT 27 Nov 90

[Text] Without obtaining a definite reply, the workers of Radio Nicaragua, who occupied the radio station at noon yesterday, evacuated the installations yesterday afternoon. The workers of the radio station demand the dismissal of five administrative workers, including financial manager Roger Guardado. They accuse Guardado of being responsible for improper use of the radio station assets and mistreatment of workers. The workers agreed to evacuate the installations after they were promised that their demands would be resolved at 1400 today. In a communique published at the time of the evacuation, the Radio Nicaragua workers said that if the response they receive today does not satisfy them, they will stage a general strike.

Cubans Seek Asylum at Costa Rican Embassy

PA2711162790 Managua Domestic Service in Spanish 1330 GMT 27 Nov 90

[Text] It was learned late yesterday that two Cuban doctors have sought asylum at the Costa Rican Embassy in Managua. Their time in our country had expired and, therefore, they had been recalled by Fidel Castro's communist government. Apparently, the two professionals preferred taking the bitter path of exile, however, to returning to an even more bitter future, considering the state's total control of the citizens' will, mind, and actions, as occurs in Marxist-Leninist countries. We Nicaraguans have already gone through part of that bitter experience. Last night neither the Nicaraguan Foreign Ministry nor the Costa Rican Embassy confirmed or denied the rumors regarding the two Cuban doctors who reportedly sought asylum at the Costa Rican Embassy here.

Panama

Endara Discusses Strike, Amnesty, Legal Treaty

PA2711203390 Panama City Circuito RPC Television in Spanish 2300 GMT 26 Nov 90

[Passages in italics are recorded]

[Text] President Guillermo Endara today visited Local 907 [Union that represents U.S. Department of Defense workers in Canal Zone] and was presented with a five-point petition. The union listed the problems that will develop following the gradual reduction of canal area [U.S.] bases, the reorganization of the Directorate of Engineering and Housing and its effects on both the Pacific and Atlantic sides of the isthmus, the Panama Government's refusal to assign housing in the canal area to Panamanian workers, the request for new administrative offices, and the problem with contractors who do not comply with canal area minimum wages. Endara promised to present to the U.S. authorities some of the cases that are not yet in Panama's hands, so that Local 907 grievances can be addressed in the near future. Following the meeting, the president spoke with the press and rejected the possibility of declaring an amnesty.

[Endara] *Right from the start, I said that common criminals cannot be granted amnesty or pardon.*

The president rejected the idea that there are U.S. pressures to sign the Mutual Legal Assistance Treaty.

[Endara] *The only thing pending is to find common ground and match it to a single legal document.*

[Reporter] *What is your position on Mexico's attitude of not supplying oil to Panama until Rafael Arosemena's [former National Bank manager currently in refuge at the Mexican Embassy] case is decided on?*

[Endara] *Honestly, I have not heard that the case had been put on such crude terms. We really have sufficient*

oil, considering supplies from Venezuela and Ecuador. I do not think, therefore, that we will be needing Mexico's oil for the time being. Of course, it would be a nice brotherly Latin American attitude if Mexico also were to supply oil.

Speaking on another topic, Endara said that there is a hint that there might be an agreement with the workers to stop the strike.

[Endara] *I do not think the strike will take place.*

On the differences among his Cabinet members, the president said this does the government no good.

[Endara] *They are free, and I am not going to interfere in their right to express their their views. They must take into account, however, that they are all members of the same government and should not harm it. I believe the arguing will gradually diminish. Officials need to exchange views.*

[Reporter] *Mr. President, would a change in the Cabinet help alleviate political tensions?*

[Endara] *No, a change in the Cabinet is not to be taken lightly. Anyway, I fully agree with the current Cabinet.*

[Reporter] *To what extent point does your government need the money that is tied or linked to the Mutual Legal Assistance Treaty?*

[Endara] *We need that money because the Panamanian economy needs hefty investments. We need the money to generate jobs. The money does not mean that we Panamanians ought to do nothing. When we talk about this money, we are not thinking that it will solve everything and we can sit back and relax. We have to do the work even if foreign money is lent or donated to us.*

Endara Doubts Dec Strike Will Take Place

PA2811041290 Panama City EL PANAMA AMERICA in Spanish 27 Nov 90 p 13A

[Report by Juan Pritsiolas]

[Text] President Guillermo Endara does not believe that the national strike planned by the public and private sector on 5 December will materialize. At the same time he took issue with an article published by TIME magazine that virtually described him as a "political failure."

The president confirmed that there have been some contacts with labor leaders who were organizing this coming month's protests. "I believe that the pressure and the heat that existed on the topic have dissipated," he remarked.

The president said that in both sectors (government and labor organizations) there are reasonable persons. He thinks a new stage of conversations can, therefore, be arranged.

It would be a "good thing" if the planned strike were not held. This can be achieved through a proper dialogue, Endara stated. "I do not think that that strike will take place," he added.

The president dismissed the possibility that the TIME article criticizing his government is part of the pressure by the United States to force him to sign the Mutual Legal Assistance Treaty (TALM). The magazine is very independent of the government, and I do not view that article as a means of pressuring me, he stated.

If the magazine viewed my government as incompetent, that is its opinion, but "I personally believe that it is very competent," President Endara noted.

The president added that in the United States, as in Panama, there exists freedom of expression. TIME magazine can, therefore, state "whatever" opinion it wishes.

President Endara also promised that the public controversies set off by members of his Cabinet will diminish, because although they are proper for a democratic system, they do not benefit the government. This is something he has told all ranking officials.

The president noted that the positions of the United States and Panama regarding TALM are increasingly being cleared up. He said that only a little bit of harmony between the two parties is needed to proceed with the negotiations.

Linares: U.S. Aid Not Conditioned to TALM

PA2811014090 Panama City LA PRENSA in Spanish 25 Nov 90 p 44-A

[Report by Zoila Rodriguez Jovane]

[Text] Foreign Minister Julio Linares has denied that U.S. aid is conditioned to the signing of the Mutual Legal Assistance Treaty (TALM) and maintains that U.S. pressure on Panama is intended to accelerate discussion of MLAT as much as possible before the period to make new disbursements expires.

Linares pointed out that Panama and the United States signed a treaty involving a donation of $460 million to boost a "weak" economic budget, from which Panama has received $78.38 million.

The foreign minister added that the deadline for making two new disbursements totalling $42 million is about to expire and the treaty specifies that TALM discussions must show progress. "It does not state, however, that it should be signed, but that a negotiation in good faith be under way."

"In a tactical move, the United States is trying to accelerate discussion of TALM as much as possible before the aid is disbursed," Linares said.

The chief of foreign relations dismissed international reports suggesting that Panama refuses to sign the treaty because it deals with drug trafficking and money laundering. Quite the contrary, Linares added, "if the treaty were limited only to those crimes, we would sign it tomorrow."

Minister Linares pointed out that the application of TALM must be limited to what constitutes a crime in the

petitioning state and petitioned state—that is, "it must be a crime in both the United States and Panama."

Other objections include the scope that the United States wants to give the treaty and the impact that it could have on the banking center should new crimes be included in TALM based on U.S. law in the future.

In this regard, he pointed out that "a country can hardly assist another country in condemning an action that is not considered a crime in the latter's Constitution."

Linares, who admitted that he does not have in-depth knowledge of U.S. law, said that subjecting Panama to its interpretations would "be tantamount to entering a tunnel without knowing where it leads."

The foreign minister said that one country should not be at the mercy of another and explained that a nation is "subdued" when its obligations are not based on its needs, but another government's will.

"The position of the national government and the Republic's foreign minister is that if the treaty is harmful to our basic interests it is preferable that they give us no aid at all; we want to agree on a treaty, and it is advisable for us to do so, but we are not going to harm our basic interests for economic aid," Linares added.

When asked about precedents established in pacts signed between the United States and Latin American Governments, the foreign minister noted that Mexico, for example, does not have a banking center like Panama's, and there is a trend in that country to deposit money abroad; a pact with the Bahamas only covers actions that are considered to be crimes in the United States and Bahamas; and a pact with Venezuela is limited to curbing drug trafficking and money laundering.

Minister Linares emphasized that "we are demanding treatment similar to that afforded to other states so as not to harm our basic interests."

Ford Rejects Impositions on Economic Plan

PA2811041790 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Nov 90

[Text] Guillermo Ford, second vice president and minister of economic planning and development, said that no impositions from certain sectors will be accepted for the economic program that the government intends to put into effect.

[Begin recording] [Ford] What we call the contract plan is being studied for such entities as IRHE [Institute of Hydraulic Resources and Electrification], Intel [National Institute of Telecommunications], IDAAN [National Water and Sanitation Institute], and the National Port Authority. What this really means is that negotiations between autonomous institutions and the central government are intended to comply with a program that will make these institutions more efficient. This is not really a program, therefore, but a basic goal to ensure the country's economic development. These are the directives approved by the Cabinet Council, which are known to all.

[Reporter] There are economic and business sectors that are strongly questioning this plan, because they say it does not benefit them.

[Ford] I consider that very old news. I have not heard any criticism. Simply put, the economic plan is under way and will continue. We have always said that concerning any corrections that need to be made I will be the first to listen to suggestions. What we cannot accept are whims by those who say there can be no changes. The economic changes will take place and the National Assembly will have to draft suitable laws.

[Reporter] Mr. Vice President, is freeing the prices of certain basic products part of the country's economic strategy?

[Ford] Definitely. In fact, according to Price Control Office reports I have received, this has been a success. I understand that there are 14 products and that their costs have dropped. We spoke to the suppliers precisely to avoid speculation and to ensure that we succeed in dropping the prices of these products.

[Reporter] Mr. Minister, if the government is willing to hold talks and the workers are also willing, why not hold these talks?

[Ford] My opinion is that if we do hold talks again, we should sit down and examine the serious problems. Let us talk of unemployment, lack of medicines, and how we can quickly replenish hospital medical supplies. In other words, I believe that simply sitting down to discuss the 13 points that the government has already replied to in writing will not lead to anything.

[Reporter] Political sectors say that you want a confrontation with trade union leaders?

[Ford] I have spoken very clearly. I respect public workers, I respect all the labor sectors, but I do not feel the same respect for certain union leaders.

[Reporter] Why?

[Ford] Simply because they were Noriega followers. [end recording]

PRD President To Be at Directorate's Disposal

PA2811034090 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Nov 90

[Text] Democratic Revolutionary Party [PRD] President Carlos Duque Jaen has placed his post as president at the disposal of the PRD directorate. In a note published today, the PRD president said that there is a need for changes in the party and that he is not opposed to restructuring the party's leadership. In his note, Duque added that he would be the first to leave the party's presidency to pave the way for new leaders who consider themselves capable of moving the PRD forward.

Argentina

President Menem Signs Omnibus Decree

PY2711162690 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0035 GMT 27 Nov 90

[Text] Buenos Aires, 26 Nov (NA)—President Carlos Menem this evening signed the National Administration Rationalization Decree which seeks to eradicate 122,000 public posts, to eliminate contract workers in the public administration, and to establish compulsory retirement for some teachers.

The copy of the decree, which has not yet been processed by the legal and technical secretariat and which was read by NA, shows that some changes were made in the articles after the Cabinet meeting on 22 November.

One of the changes made to an article on privilege retirements adds that ministers, secretaries, under secretaries, and government officials with an equivalent rank "must give up their pensions" while they remain in their posts.

Article 75 states that retirement pensions will not be collected by the mentioned government officials as long as they remain in their posts, unless they are hired "ad honorem."

It also states that the commitment of not requesting privilege pensions must be [word indistinct] by all the ministers, secretaries, under secretaries, high-ranking government officials, and "other government officials with ranks equivalent to heads of state organizations, companies, or firms."

Resignations must be made 10 days after the date of the decree, or 10 days before they assume their new post, if they were appointed after July 1989, when Menem arrived in power. [sentence as received]

The decree establishes the privatization of the Liniers cattle market, the reduction of administrative structures, the establishment of a single working schedule for public employees, and the dismissal of 40 percent of the civilian personnel working for the Armed Forces.

The decree also establishes that regional market regulating bodies such as the National Wine Producers Institute (IPV) must be passed to provincial jurisdiction, be privatized, or be dissolved; and it orders the massive retirement of teachers and the privatization of maintenance services in the education organizations and in public buildings.

The decree establishes the privatization of the systems of payments within the public administration, the timekeeping of public employees, and the evaluation and quality control of merchandise in customs offices.

It establishes a voluntary retirement mechanism for public employees, excluding career diplomats, Armed Forces members, and security personnel who depend on the Defense and Interior Ministries, Category 23 and 24 public employees, college graduate professionals, and public employees who are under legal trial or on leave without pay. [sentenced as received]

Article 1 of the decree establishes that the current public administrative structure will expire on 31 January 1991.

The measure affects all the central administration organizations, special accountings offices [cuentas especiales], and decentralized organizations, including those created through laws.

Each undersecretariat must not have more than three national directorates with substantial activities [actividades substantivas] under its jurisdiction.

The decree also establishes the privatization of the Liniers cattle market, and the reduction of 40 percent of the permanent and 90 percent of the temporary civilian personnel hired by the Armed Forces.

It also establishes the retirement of all education sector administrative and teacher personnel who are over the retirement age and of all those employees who are on leave "for long-term illnesses."

Education sector administrative and teacher personnel assigned to commissions or to nonactive tasks must likewise pass to retirement.

Another article establishes the privatization of school maintenance services.

The same article establishes a reduction of not less than 20-percent of directive and auxiliary administrative and teacher personnel as of 1 March 1991.

Another decision connected with the education sector is that as of the 1991 school term. High school classes with less than 20 students will not be accepted.

The measures provided for in the chapter dealing with the Education Ministry will not affect state universities, except for the institutions that are not universities and that [words indistinct].

Personnel reduction will not affect, among other institutions, the Ministry of Public Health and Social Action, the General Taxation Directorate, the court of audits, and the General Trusteeship of Public Enterprises.

Personnel reductions will not be implemented in the Federal Police or the penitentiary service; however, these two institutions and the Ministry of Public Health and Social Action will have to restructure their personnel according to their needs by December 1990 [words indistinct] a modification to the single work schedule in the administration, which will be Monday through Friday, from 0900 to 1300 and from 1330 to 1720.

This work schedule, which will become effective as of 1 January 1991, will not apply to educational institutions, hospitals, the Armed Forces and the security forces, the

federal police, the penitentiary service, or the Secretariat for State Intelligence (SIDE).

The decree sets forth that only 10 percent of the personnel may work outside this schedule to assist the directors.

All decentralized organs that regulate the markets of regional products will be transferred to the provinces through an agreement, or they will be privatized or dissolved, in keeping with the "omnibus" decree for the rationalization of the administration, which is being studied by the Cabinet.

The decree sets forth that the undersecretariat of the economy, which is headed by Carlos Carballo, will design the projects for implementing this measure, which will also affect—among others—the national wine growing institute (INV), which was created through a law.

The decree also sets forth that each ministry will channel its legal affairs through a single directorate of legal affairs.

The decree creates a specialized organization that will supervise and certify the quality of crops.

It also orders the implementation of a plan for strengthening the General Directorate of Taxation (DGI) and the customs office.

The decree provides for sanctions for those employees who do not render appropriate services to the public, and it foresees personnel training and improvement plans.

The decree also provides for the creation of a private sector commission which will study the possibilities of hiring the dismissed public servants.

Accusations of Government Corruption Mount

PY2611013690 Buenos Aires BUENOS AIRES HERALD in English 25 Nov 90 p 4

[Excerpt] (NA-DYN)—Supreme Court Justice Rodolfo Barra yesterday accused some judges of "complicity" in corruption cases, claiming that their rulings had made the state lose million of dollars.

Justice Barra, in reference to corruption cases like those affecting Ferrocarriles Argentinos state railways, asked why it had not occurred to lawyers representing state companies that "judges fix the amount to reparations which can be significantly larger than the reparations usually awarded." He said that judges must take much of the blame for the loss of millions of dollars worth of state funds.

Barra's accusations come hot on the heels of Anssal [National Health Insurance Administration] health administration chief Luis Barrionuevo's statements in which he admitted to making extra money through lucrative business contacts and stated that Argentina was "a country of cunning tricksters."

In related news, State Auditing Office president Jose Luis Devoto declared yesterday that "there is a remarkable transparency in the operations of public administration," and added that "state reform does not only mean the privatization of state companies but giving the state power to control their management."

In reference to the financial scandals which have sent shockwaves through public administration in the last weeks, Devoto said that "there has always been corruption but now, in the new climate of liberty and democracy, the population's conscience will not allow corruption to continue."

Devoto estimated that the amount of undetected corruption was "considerable" and claimed that it created "wasted government capacity" and was the root of "voluntary retirements, bad wages and political appointments."

"Reform of the public administration must mean reduced personnel with a capacity to face the challenge of the future," said Devoto. [passage omitted]

Aldo Rico: Government Lacks 'Political Will'

PY2511014290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1912 GMT 23 Nov 90

[Text] Buenos Aires, 23 Nov (NA)—Aldo Rico, head of the Movement for Dignity and Independence (Modin), said today that the government lacks the "political will" to eradicate corruption, and because "rot starts at the top," he believes "President Carlos Menem is the only one responsible for it."

Rico gave a news conference at noon today as a result of charges of contempt of the president filed by Attorney General Oscar Roger based on accusations by Rico during a Modin rally in the Boxing Federation headquarters on 20 November.

During the news conference in the Dignity Operation Foundation headquarters at 900 Maipu Street in Buenos Aires, Modin reported that the charges filed against Rico are being processed in Penal and Correctional Federal Court No. 3, presided over by Judge Nestor Blondi.

Roberto Etchenique, lawyer and Modin secretary general, said Rico "did not commit any crime." He was also surprised by the fact that the Justice Department—which is traditionally very slow—acted so quickly on this case and that the charges were signed by the attorney general and not by the state prosecutor, which is the usual procedure in these cases.

Etchenique also said that Rico will appear before Judge Blondi voluntarily "because he has nothing to hide." He added that the government wants "to prevent Rico from heading the struggle against corruption in Argentina."

Because the penal code sentence for contempt of the president is 1-12 months in prison, Etchenique said the government "would pretend to eliminate a candidate for governor through proscription in the elections for governor of Buenos Aires Province."

Rico said: "I am the one who gets prosecuted instead of (Luis) Barrionuevo, who has admitted to committing crimes involving the president regarding his revelations on funds for the electoral campaign."

Asked about corruption during the last military regime, Rico said he is willing to investigate it with the single exception of Jorge Rafael Videla whom he labeled as "honest and irreproachable." He added: "No one talks about the people who are enjoying riches obtained through corruption in the military administration."

Aldo Rico, who was leader of the Easter and Monte Caseros military uprisings, said: "One must have the political will to investigate and to administer justice because, seen from the lower level, it is a useless effort."

Rico said: "Our country is being established as the foremost exporter of capital in the Third World." He added: "The president changed his proposal for a productive revolution after he became president."

Government Handling of Economy Criticized

PY2711220890 Buenos Aires DYN in Spanish 1838 GMT 25 Nov 90

[Excerpts] Buenos Aires, 25 Nov (DYN)—Alvaro Alsogaray, a national deputy and presidential adviser, has said that it will be "very difficult" for the government to end the state's "total deficit" unless it changes the methods and dynamics of current policies in this field.

Alsogaray also rejected comments by some officials that "no paper money is being issued for the Treasury," stating that "there is still a deficit in the general accounts [cuentas globales]" that can currently be estimated "at between 10 and 12 percent of the GDP." "Paper money is issued to cover that deficit, and as a result, inflation is still present," he said.

Alsogaray called for the implementation of measures that will permit an upgrade of current policies, with the option of "implementing a system that, regardless of the will of the officials, will act upon all economic agents, especially the government."

Alsogaray expressed these opinions in an article signed by him which was published in the latest issue of ORIENTACION ECONOMICA, a bimonthly of the Market Economy Institute. The bimonthly is managed by Alvaro Luis Alsogaray, the legislator's son.

In his article, the UCeDe [Democratic Centrist Union] leader emphasized the government's goal of achieving a major reform of the country's economic and social system by abandoning a "control and inflationary theory for a market one with monetary stability." Alsogaray, however, noted that despite "the very firm resolve of President (Carlos Menem) to continue promoting this major reform, various questions arise about the implementation of this reform."

Alsogaray added: "The president is aware of this state of affairs and is pressing his ministers and congressmen for quicker, more profound action," but he "is encountering strong obstacles due to the internal political struggles between the main operators" as well as "veiled ideological resistance in some of them—an unpleasant aftertaste of the traditional Peronist guidelines." [passage omitted]

Discussing the foreign exchange market, Alsogaray emphasized that the government, through the Central Bank, "is purchasing foreign exchange at a 'comparatively' low price, thus alleviating the fiscal effort," but enduring, in return, "a fall in domestic activities and problems for exporters."

Alsogaray also emphasized that the way in which the Central Bank is purchasing most of that foreign exchange—by issuing australs—"is clearly inflationary under current conditions." He reported: "There are other things the Central Bank has done regarding monetary management that have produced the same impact," arriving at the conclusion that "official action continues to be the country's main inflationary factor."

Moving on, Alsogaray noted that we have already arrived at the maximum limit for the conversion of foreign currency into local currency by the national economy since "any more issues of paper money under the conditions that have prevailed thus far will directly influence price indexes, with all the negative economic and social consequences" of inflation.

Alsogaray added that, if the government continues with this policy, it could "break" the margin of confidence of the operators "that believe the general course is well planned." This could lead to a situation the Central Bank "could not control."

Central Bank on Private, Public Sector Debt

PY2711235290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2321 GMT 26 Nov 90

[Text] Buenos Aires, 26 Nov (NA)—The Central Bank of the Argentine Republic (BCRA) today reported that on 31 December 1989, the public sector debt totalled $58.397 billion, while the private sector debt totalled $4.917 billion. According to BCRA figures, the two debts totalled $63,314 billion.

BCRA explained that during 1989, the public foreign debt increased by $5.132 [number as published] billion as a result of unpaid interest ($3.074 billion) and conversion of the domestic debt into Bonex [bono externo—dollar-denominated bond] 89 ($2.899 billion).

The private sector debt, however, decreased by $121 million, "Mostly due to the conversion of the public debt into bonds with exchange risk insurance and a reduction of commercial financing by foreign commercial banks," BCRA pointed out.

Analyzing the creditors by category, the foreign commercial banks had 60.8 percent of the overall debt (2.8

percent less than in 1988). IMF participation decreased from 6.3 to 4.9 percent and that of the international organizations from 8.2 to 8 percent. Paris Club participation increased from 9.2 to 9.6 percent, that of certificate holders from 5 to 9.3 percent, and that of suppliers and other creditors from 5.2 to 5.3 percent.

BCRA emphasized that "this situation was reduced by the issue of Bonex 89's, which were created at the end of 1989 for conversion of the domestic debt." The Central Bank explained that if this had not been done, "the participation of the foreign debt holding sectors would have been much the same as in 1988, except for the IMF, which would have had the same loss (from 6.3 to 5.2 percent), and the Paris Club, which would have increased its participation from 9.2 to 10.1 percent.

Bank Head Reports Financing Government Expenses

PY2711230090 Buenos Aires BUENOS AIRES HERALD in English 27 Nov 90 p 5

[From the "Business World" column]

[Text] (DYN-NA)—Central Bank (BCRA) Director Roque Fernandez admitted over the weekend that "almost 40 percent of state expenses this year have been financed by issuing money." Speaking at a seminar held in Parana, he stressed that it was crucial for the government to find "a solution to the fiscal problem so that we can stop relying on issuing money." Referring then to the "worrying" state of the dollar, he commented that "it is difficult to hide reality."

Bush, Entourage Declared 'Official Guests'

PY2711131690 Buenos Aires TELAM in Spanish 1952 GMT 26 Nov 90

[Text] Buenos Aires, 26 Nov (TELAM)—U.S. President George Bush will be an official guest of the Argentine Government during the visit he will make to the country on 5-6 December.

It has been officially reported at Government House that Decree No 2,461 has declared the U.S. President and members of his entourage as official guests of the Argentine Government.

Menem, Romania's Roman Discuss Bilateral Ties

PY2711204890 Buenos Aires DYN in Spanish 2112 GMT 26 Nov 90

[Text] Buenos Aires, 26 Nov (DYN)—President Carlos Menem and Romanian Prime Minister Petre Roman today discussed the possibility of commercial relations between their countries. Roman said that this meeting was "the first contact" between the two governments.

Roman, who is making an official visit, explained that Romania and Argentina "have areas of common interest for the development of joint projects." He added that the projects could involve the technological, fishing, shipyard, railroad, and automotive fields. Romania is interested in mineral resources such as copper and in fishing, petrochemistry, leather, and soy beans.

Roman said that there are possibilities for Romanian private businesses to invest in Argentina, but he discarded the possibility that investments might be made by the state because, he explained, the state "left that field and its only function now is to promote confidence in investment."

Roman, Menem, and Under Secretary of Foreign Relations Hector Subiza met this morning at Government House. They held a second meeting at a luncheon in Prime Minister Roman's honor in the Government House dining room. After the meeting, Roman emphasized the "similar points" in the Romanian and Argentine economic process. He noted that the two governments want "to end state monopoly over the economic structure."

He added that the economic consequences of centralization in his country "were bad, disastrous, and due to one political regime, and such things go against public interests." Roman emphasized that "radical changes occurred" in Romania after Nicolae Ceaucescu was overthrown; the country went "from an antidemocratic dictatorship to a democracy." He also explained that the policies which were implemented for four decades "did not really belong in a socialist regime."

For the rest of the day Roman participated in protocol activities such as a visit to officials of the legislative and judicial branches. At the same time, members of the Romanian delegation stepped up their contacts with Argentine Foreign Ministry officials with the aim of defining bilateral agreements. Roman also spoke before the Argentine Council for Foreign Relations (CARI) and met with Economy Minister Erman Gonzalez. In the evening, he gave a reception for Argentine officials at the Romanian Embassy in Buenos Aires.

[Words indistinct] at 1130 in the Foreign Ministry, Roman and Argentine Foreign Minister Domingo Cavallo will sign two bilateral agreements on economic and commercial cooperation, nuclear cooperation, and a joint cultural program.

Executives at the Argentine Chamber of Commerce announced today the signing of a cooperation agreement with their Romanian counterpart and the creation of a joint business committee by the two countries. The agreements will be signed tomorrow at the headquarters of the Argentine Chamber of Commerce in the presence of Romanian Prime Minister Petre Roman, advisers, executives of the Argentine and Romanian Chambers of Commerce, and Foreign Ministry officials. The meeting will begin at about 1030 and the Romanian officials will lecture on their country's condition for investments and trade.

Romania is primarily interested in importing wine, soy beans, meat, cooking oil, grains, and leather.

Economic 'Rivalry' Viewed

PY2711210890 Buenos Aires TELAM in Spanish 2327 GMT 26 Nov 90

[Text] Buenos Aires, 26 Nov (TELAM)—During a visit to the National Congress today, Romanian Prime Minister Petre Roman said: "There are similarities between Eastern European and Latin American countries, but they do not compete as potential markets for foreign capital because each country has its own characteristics to offer investors."

The prime minister was received, in an official ceremony, by Vice President Eduardo Duhalde, Chamber of Deputies Chairman Alberto Pierri, Acting Senate Chairman Eduardo Menem, and a dozen congressmen in the Senate's Pink Room.

In perfect Spanish (his mother was Spanish), he told journalists after the ceremony: "In the last few days, I have been asked about a possible rivalry between Eastern Europe and Latin America at least 12 times."

Roman declined to answer a question on the decision to send Argentine troops to the Persian Gulf, but emphasized: "Romania supports the international community's firm attitude" in pressuring Iraq to leave Kuwait.

He pointed out that, after his two-day visit to Argentina, he will leave for Germany tomorrow, where he will finish his current international tour.

Cooperation Agreements Signed

PY2811014890 Buenos Aires TELAM in Spanish 2153 GMT 27 Nov 90

[Text] Buenos Aires, 27 Nov (TELAM)—Today the Romanian and Argentine Governments signed three cooperation agreements in the economic, commercial, and nuclear energy fields as well as a cultural exchange program.

The agreements were signed during a ceremony at San Martin Palace within the framework of Romanian Prime Minister Petre Roman's two-day official visit to Argentina.

On the occasion, Foreign Minister Domingo Cavallo and Romanian Industry and Commerce Minister Anton Vatasescu ratified an agreement through which the two countries "will promote cooperation in the development and use of nuclear energy for peaceful purposes," according to the needs and priorities of their respective national nuclear programs.

Moreover, the two parties agreed to cooperate in areas such as research and exploitation of nuclear resources, production of radioisotopes, radiation protection methods, and nuclear medicine.

In the economic and commercial field, Argentina and Romania promised to adopt the necessary measures to "promote and develop this aspect of the bilateral relationship through public and private enterprises and institutions of the two countries."

Furthermore, in the cultural field, Cavallo and Vatasescu agreed to establish an educational and scientific cooperation program that provides for the exchange of information on scientific developments in the two countries, as well as the exchange of specialists and professors at the university level.

After signing the agreements, Roman ended his official visit during which he was received by President Carlos Menem, with whom he discussed all subjects on the international agenda and the development of bilateral relations.

During his stay in the country, the Romanian minister also met with Foreign Minister Domingo Cavallo and Economy Minister Erman Gonzalez with whom he reviewed the Latin American and European integration processes.

Before returning to Romania, Roman reiterated to Minister Cavallo President Ion Iliescu's invitation for President Menem to make an official visit to Bucharest on a date to be established by the respective foreign ministries.

Army Corps Commander, Directors General Named

PY2711174290 Buenos Aires DYN in Spanish 1024 GMT 25 Nov 90

[Text] Buenos Aires, 25 Nov (DYN)—The Army General Staff has reported that this week Army Chief of Staff General Martin Bonnet will install the new commander of the II Army Corps, headquartered in the city of Rosario, the directors general of the finance, logistics, and institutional affairs departments, the Army legal adviser, and the Army deputy inspector general.

Tomorrow [26 November] Bonnet will install the commander of the II Army Corps, Brigadier General Diego Alejandro Soria.

Next Tuesday [27 November] at 0800 the Army chief of staff will attend a ceremony at the Libertador Building [the Army headquarters], during which Brigadier General Jose Luis Cayetano Torres, the new director general of the Army finance department, will be installed.

On that same day, at 0900, Brigadier General Hugo Sabino Fernandez will be installed as director general of the Army logistics department at a military unit in Palermo District.

Also on 27 November, at 1100, Colonel Anibal Laino will be installed as director general of the Army institutional affairs department during a ceremony that will be held at the Army headquarters.

On 30 November at 0800 and at the Libertad Building, Auditor General Carlos Horacio Dominguez will be installed as the Army legal adviser and Brigadier General Jorge Halperin will be installed as the new Army deputy inspector general.

Navy Chief on 'Leading' Role in South Atlantic

PY2711230490 Buenos Aires BUENOS AIRES HERALD in English 27 Nov 90 p 11

[Text] Navy Chief-of-Staff Jorge Ferrer affirmed yesterday that Argentina "must maintain a leading role in the South Atlantic" and said that not to do so would mean "an enormous risk to the country's interests."

At the same time Ferrer spoke up for "free enterprise and private initiative and a national state which limits itself to the appropriate framework safeguarding defence, justice and ecology."

The admiral was speaking at a function organized by the Argentine Naval League during National Sea Week. .

Ferrer asserted that "Argentines must understand that the sea and rivers represent a vital interest to our survival as a sovereign nation."

In related news, Defense Minister Humberto Romero yesterday defended the imminent pardons for the former military junta members who ruled the country between 1976 and 1983.

Romero said that it was time to "abandon making the military pay for something which was everyone's fault."

Meanwhile, Captain Carlos Espilondo and Colonel Ricardo Ernesto Comello have been appointed as advisers to the Inter-American Defence Committee.

Government Denies Charges of Anti-Semitism

PY2611170890 Buenos Aires Domestic Service in Spanish 1500 GMT 26 Nov 90

[Text] Enrique Kaplan, the protocol general director of the Presidency, this morning made a surprise visit to the press room, where he expressed his indignation over charges by former President Raul Alfonsin that there is anti-Semitism within the government. Kaplan said that he believes that Alfonsin wants to cause divisions and drive wedges.

Kaplan thus commented on remarks made by Alfonsin yesterday in Mar del Plata, where the former president said that the government, particularly the Conicet [National Council for Scientific and Technological Research], is anti-Semitic.

Kaplan thus denied Alfonsin's charges, and after expressing his indignation, he said that full freedom of choice prevails in the government of President Carlos Menem and that the administration has men of different religious faiths. He added that several Jewish community members have the honor of holding posts in this government.

He stressed that no other government has guaranteed so broad a freedom of choice as this one, and that if anyone feels persecuted he should resort to the courts and file a lawsuit.

The day we Argentines understand that we have to have our rights respected, we will resort to the courts because that is the duty of the courts.

Kapal came spontaneously to the press room because he had read the papers and the statements by Alfonsin, over which, he said, he felt great indignation.

* Main Causes of Provincial Crisis Analyzed

91SM0088A Buenos Aires SOMOS in Spanish 17 Oct 90 pp 4-8

[Report by Hector Simeoni]

[Text] Almost all of the ministers emerged from the cabinet meeting on 5 October worried. The situation that Minister Erman Gonzalez had outlined with regard to taxes was grave, and he added a specific piece of information that was almost frightening: revenues that quarter would be at least 25 percent below estimates. One of the most painful facets of the recession was making itself felt, as people were coming close to tax evasion, which is almost part of the national character.

The man from La Rioja paused a while, cleared his throat twice, and then noted that very little remains to be done, right now, to continue the austerity program and cost-cutting in the central government ("Just start firing military personnel and teachers," one cabinet minister remarked sarcastically, eliciting fretful glances). Gonzalez almost waxed solemn when he announced: "Now the provinces will have to make sacrifices."

The Overall Picture

Events were exploding in Chubut by the middle of the following week. By then the Interior Ministry had accumulated enough background information to conclude that this was only the prelude to a more widespread situation. In at least 12 other provinces the conditions are such that emergencies similar to or more serious than the one in the Patagonian province could arise in days or even hours.

A certain military-intelligence agency has made just this issue one of its working priorities. Two significant facts are clear about this state of affairs:

- Local conflicts will probably spread soon.
- There are no social or political agitators, and at the same time there is massive support across sectors for the protest. This technically turns such protest into an across-the-board confrontation with the central government and, by extension, its economic program.

Many of the governors plagued by their virtually bankrupt local economies are saying that the uproar began because of a "sinister mechanism" that had allegedly been set up by the last interior minister of the National Reorganization Process, Llamil Reston.

They accuse the military officer of having overloaded the permanent payrolls of almost all the provinces between April and December 1983. They say that at the same time he froze the salaries of the upper levels and, in contrast, allowed periodic raises at the lower levels. This, they allege, first caused the "wage pyramid" to flatten out and shortly thereafter severely distorted the salary scale (in most places the categories from 1 to 10 merged into a single one, something like what is happening with minimum pensions under social security). All of this led to an obvious loss of hierarchy in government agencies and to injustices that were very hard to redress, inasmuch as a serious attempt to rebuild the pyramid would necessitate fabulous sums to restore the scales even somewhat.

Federal revenue-sharing is merely the national government's apportionment of the proceeds from various taxes (on fuels, profits, the VAT, etc). The percentage that each province gets is determined by a "mix" of several factors, such as population, geographical size, output, etc. This system served in part to fan periodic protests by the governors, who used to accuse the minister of the moment of having "discretionary authority" when it came to providing money from the Treasury. Now, as revenues come in, the transfers are made on a daily and automatic basis to the various local governments.

Gonzalez' initial warning was about this problem. When overall revenues started declining (owing to the recession, slower economic activity, and other factors) and provincial outlays stayed the same or increased, an extremely rapid snowball effect was created. For some time now revenue-sharing and royalty contributions have been barely enough in many places to cover salaries, and thus essential services and other basic government functions were left hanging.

Now that the situation has worsened, many provinces are taking in only 60 percent of what they have to pay out every month to their employees, and nothing suggests that revenues are going to increase in the future.

Since the monthly deficit has been building up, at some point there has to be an explosion. Though Chubut, which is three months in arrears, is an exaggerated case, we can assert today that no province is paying its workers on time; some are behind by days, others by weeks, and still others pay directly in installments.

The issue of royalties is complicated too. The provinces delegate the development of certain natural resources such as oil and gas to the national government (Salta, Formosa, Jujuy, Mendoza, Neuquen, Chubut, Rio Negro, and Santa Cruz are in this situation) and in exchange receive a percentage of the profits.

At some point the Radical administration (the idea was said to be Mario Brodersohn's) decided by decree to cut the existing royalties in half. The situation was modified long afterwards, but it left in its wake a ton of lawsuits filed by the injured provinces, which were demanding that the central government disburse the money that it had kept. A multitude of other lawsuits have to do, for example, with the method of paying compensation for oil extraction (whether the wellhead price or the world-market price should be used).

Definite rulings have already been handed down in some of these suits, which are in the settlement period, while others are still in the evidentiary stage. This picture is, of course, complicated by the delays that usually beset both State Gas and Government Oil Deposits (YPF), owing to cash-flow problems, when the time comes to pay out royalties.

This is what some governors are talking about when they speak of "the debt that the national government owes us."

When troubled officials visit the Economy Ministry in search of a ready-money "life-jacket" to stem an imminent social explosion, Gonzalez' men get tough and shoot back at them that their only way out is to cut spending. They then open some drawer and display evidence that the local officials (politicians that they are) have continued to expand their payrolls and given in to union pressures by agreeing to boost salaries.

A couple of months ago Gonzalez himself met with all provincial governors and instructed them to set the austerity program in motion once and for all. He received some lukewarm promises, some embarrassed silences, and direct replies that this would be impossible unless "conditions conducive to the overhaul of the regional economies" were first put in place. Almost none seemed willing to perform "major surgery," knowing that doing so would mean shutting his province down, inasmuch as civil service is the main activity, especially after the Economic Emergency Law did away with the privileges of "industrial promotion" and prompted many local industries to close. "I don't want to condemn the people of my province to even worse poverty," a northern governor almost shouted in Julio Mera Figueroa's face a short while ago.

It was amid this bickering that the current situation was reached, as the economy has virtually hit bottom.

What is being done? The talk has turned almost desperate in the administration. The Economy Ministry is reiterating that the only answer is austerity at all costs. The response is that even this is no way out of the mess, the argument being: Nestor Perl's administration in Chubut reportedly laid off more than 3,000 workers over the past 60 days and still did not succeed in preventing disaster.

The Interior Ministry has wound up supporting Economy's demands. It is advocating emergency aid ("so as to weather the storm"), followed by a "social truce" (which

in practice would mean that suppliers would stop demanding payment and that civil servants would cease calling for salary hikes), while "austerity in earnest" sets accounts to right.

The response from the Economy Ministry is that variations of such a proposal were tried unsuccessfully on other occasions and that the third stage was never even reached. It says that there is no danger of a wave of provincial uprisings, pointing to examples of states that have already implemented their austerity programs (San Luis, La Pampa, Misiones, and Santiago del Estero), while others are now in the process (Salta, La Rioja, Catamarca, San Juan Formosa, and Santa Fe).

These arguments conceal another fact. Between April and September, Treasury outlays rose faster than revenues (163.7 percent versus 69.5 percent). The nominal increases are from the so-called "consolidated balance sheet," inasmuch as some spending was cut, especially in state-run enterprises, and money came in from several privatizations.

The future of the economic plan is for the time being indissolubly tied to higher tax revenues. If the latter are not forthcoming quickly, the lack of a surplus to acquire dollars earmarked for unavoidable obligations will lead to the printing of money and to inflation. This troubled scenario explains the hard line being taken with the provinces. Massive aid would merely hasten the advent of an inevitable issuance of unbacked paper currency and the collapse of the economic plan.

The Interior Ministry insists that emergency aid (as the case of Chubut has just shown) is unavoidable to maintain domestic order and ward off chaos. It introduces a qualification here, though: aid would be tied to the presentation of evidence that an austerity program is being pursued in earnest. The Ministry of Economy would rather look the other way and say nothing.

How do you have an austerity program without causing unemployment? There is talk of resorting to temporary hiring programs, of sending employees home (so that they do not cause outlays) and paying them 75 percent of their salaries, of an administrative overhaul, of no longer having four teachers for one grade, as is the case in many places, of cutting overhead, etc. But the Interior Ministry suggests that nothing of this sort will have an effect unless provincial banking is straightened out.

This is a textbook vicious circle that operates more or less like this: when revenues are insufficient to cover outlays, the local government asks its own bank for money. The bank turns to the market and pays high interest rates to attract savings and balance its books. When this cycle of incoming "money at any cost" runs its course, as it does, the bank is left in the red and must turn to the Central Bank to avoid bankruptcy. If this overdrawn condition could be eliminated, much of the problem, at least the constant pressure on the Central Bank, would be resolved.

Meanwhile, a certain sector of the ruling party is working very secretly to impose its own, truly bold proposal. These influential groups start from the premise that there are two distinct facets to the problem. One is short term, and the only answer is an unavoidable, relentless austerity program, which they do not question in any way.

They would rather emphasize the structural issue, which they describe as "the current economic inviability of the provinces." The "ultra hard-liners" go to an extreme to which not even Erman Gonzalez himself dares go. They say that the country, as it now stands, cannot "tolerate the existence of 24 provincial structures." In other words, there are too many provinces at present, and they need to be replaced with "fewer, more dynamic, and more efficient entities."

The solution that they propose is to create economically viable "regions" (groups of provinces) under a new system of political organization that would take history into account but emphasize economic and social realities.

The very scope of the reform explains why its proponents are being so cautious. "Don't stir up a hornets nest" is the watchword that they have imposed on themselves. Another is to try not to be identified by those who may get hurt. They feel that publicizing the idea is going to break down resistance ranging from age-old, deeply rooted local sentiments to the defense of political expediency. "If they locate us, they'll destroy us," they say in summary. They assert, in any case, that they outlined their idea to Menem and that he was not displeased; thus, it is being discreetly talked over in the Executive Branch.

For the time being they are trying to use their influence to prevent hasty takeovers of the provinces. "We have to let the mechanisms of democracy operate," they say. "If a governor leaves, the lieutenant governor or the head of the legislature should replace him, but the problem has to keep on being tackled without outside impositions." And they round out their argument with this almost too pragmatic reasoning: "We have to let events run their course until people realize that the only solution, no matter how painful it might seem, is the one we are proposing."

[Box, p 6]

Crisis Waiting List

If the symptoms of discontent or of potential or developing conflicts were confined to Chubut, which after all is a lightly populated community in the Patagonian wilderness, there would be little reason for concern. But some other specific facts need to be heeded:

- The situation in Tierra del Fuego remains "chronically critical," and a backlash is expected (at least from employees of the judicial system and teachers) before the end of October.
- In Santa Cruz, Governor Graneros has threatened

several times to leave or "call for federal intervention" in light of the disaster in government accounts. In November he will reportedly once again be dependent on special federal aid to maintain relative normalcy in his administration.

- In La Rioja, events have gone beyond the definition of "latent tension." The minister of economy was attacked on Thursday by striking civil servants, and some of the higher officials of the provincial police had to be relieved on Friday before they locked themselves up in their barracks to demand better working conditions.
- Mendoza Governor Jose Octavio Bordon sent a letter two weeks ago to President Menem virtually demanding that he repeal Section 10 of the recent Decree 1,757/90. The Cuyo native complains that the section virtually prevents his province from sharing in the proceeds from the development of oil and natural gas. He calls his message an "appeal for reconsideration" and includes a warning in the last paragraph. He says that his message represents a "preliminary" administrative effort, "the failure of which will leave this Executive Branch with no alternative other than the courts." Several governors are thought to share his view, although they "have not brought themselves" to express it.
- The people of Catamarca have staged a peaceful uprising as a result of a police-related incident (the rape and murder of a teen-age girl). There seem to be some deep-seated political and social reasons for their discontent, however.
- There are strong movements by provincial civil servants in five provinces right now, and there are threats of similar revolts in at least seven others.
- The governor of Tucuman, Jose Domato, has sent discreet yet categorical signals to Buenos Aires to the effect that the social situation in his province is going to worsen quickly in a very few weeks, as soon as the current sugar-cane harvest is over. The "migrant work" that a considerable segment of the population has had available has so far helped to mitigate the effects of frightfully high unemployment in the tiny northern province.
- Similar predictions are coming from Resistencia and Chaco, whose provincial finances have been in a state of emergency for at least three years.
- Intelligence sources have passed on a clear-cut warning to various echelons of government that a string of riots is possible in various provincial police forces that have reportedly agreed for the first time to protest their inadequate wages and equipment.
- The leading members of the "sky-blue" faction [more moderate Menem backers] attended a meeting on Thursday night in the Buenos Aires department of Jose Luis Manzano. They reviewed these pieces of evidence and others that those in attendance furnished. There was concerned comment about an impression that is gaining ground in wide-ranging economic and diplomatic circles, to the effect that "Menem is doing OK, but not his administration." They reportedly agreed on a "crisis strategy" to cope with difficulties over the next few days, a strategy that includes arrangements for consulting key administration figures and weekly meetings among ministers and secretaries "of all stripes" to analyze the fluid situation.

Bolivia

Ecuadoran President Arrives on Official Visit

PY2711171690 Madrid EFE in Spanish 1623 GMT 27 Nov 90

[Text] La Paz, 27 Nov (EFE)—Ecuadoran President Rodrigo Borja today arrived in La Paz on the first official visit to Bolivia by an Ecuadoran president.

Borja, who was welcomed by Bolivian President Jaime Paz Zamora, arrived at La Paz international airport at 1200 local time (1600 GMT).

During his four-day visit to Bolivia, Borja will sign several bilateral agreements with Paz Zamora and will visit the city of Potosi, 574 km south of La Paz.

On 29 November, Borja will join the two-day Andean Pact "summit," which will be held here in La Paz and which will also be attended by Bolivian President Paz Zamora, Colombian President Cesar Gaviria, Peruvian President Alberto Fujimori, and by Venezuelan President Carlos Andres Perez.

Regrets Conflict of Powers

PY2811012690 La Paz Radio Fides in Spanish 2300 GMT 27 Nov 90

[Passages in italics are recorded]

[Text] Ecuadoran President Rodrigo Borja visited the National Congress today at the invitation of the Congress president and attended a session in his honor. In reply to speeches by the presidents of the Senate and Chamber of Deputies, Borja gave a speech in which he expressed his regrets about the conflict of powers, which shows disrespect for the law and is detrimental to the democratic process that the Bolivian people have worked so hard to attain. Democracy is an important step in national life, the Ecuadoran president said.

[Borja] *The history of humanity has been a permanent quest for legality, a ceaseless effort to escape the control of some men and to subject oneself to the control of the law. From this ceaseless quest, the theory of the division of government branches was created as a mechanism to defend the rights, liberties, and prerogatives of the people and guard against or prevent the arrival in power of despotic regimes.*

The Ecuadoran president said that there cannot be any dominance in a democratic government in a free country.

[Borja, in progress] *...sectarianism within society, while its separation or fractionating safeguards the interests of the freedom of the rulers. [as heard] This seems to be a constant objective in history. In his famous book "The Spirit of Law," the French philosopher said that if a person or a body of magistrates assume their post at the same time the legislative branch members assume theirs, there is no freedom because society may fear that the monarch or the Senate could pass tyrannic laws. There would also be no freedom if the judicial branch were subject to the legislative branch because decisions on the life and freedom of the citizens would be arbitrary, because a judge would be simultaneously acting as a legislator. If the judge were subject to the executive branch, the judge would then have the force of an oppressor. Everything would be lost if the same man or the same group of magistrates or nobles or people exerted the power of the three branches; that is, of passing laws, implementing public resolutions, and judging crimes or differences among the people.*

Meanwhile, Senator Juan Carlos Duran Saucedo, from the MNR [Nationalist Revolutionary Movement], said the Ecuadoran president's message to Congress must be taken into consideration not only by the Bolivian politicians, but by the leaders of the whole continent.

[Duran, in progress] *...today in Congress, has been a real lesson on how to implement an open, clean democracy and primarily, on how to respect the government branches. He gave a historical account of the division of the three government branches. He said it is important to maintain individual and collective freedom, which prevents dictatorships from coming to power. He clearly said that dictatorship occurs when one government branch prevails over another. This means that the independence, sovereignty, and autonomy of the government branches must be guaranteed. I think President Borja's speech is timely so that Bolivian Congressmen and politicians can ponder maintaining this system of liberties and democracy.*

President Borja's speech caused surprise among Patriotic Agreement Congressmen.

Ex-Special Antinarcotics Force Officer Killed

PY2811110890 La Paz Radio Fides in Spanish 2300 GMT 27 Nov 90

[Report from Santa Cruz de la Sierra by Marcelo Huanca]

[Text] An attack took place against an officer of the Special Antinarcotics Force [FELCN] today at noon in this city. Captain Felipe Farfan Godoy, who is assigned to control activities in El Trompillo airport of this capital, was accompanying a former FELCN officer called Jose Reyes Ortiz, who was discharged from the force in a Datsun van, which allegedly belonged to Reyes, when an unidentified man on a red and white motorcycle shot at them. Jose Reyes Ortiz died instantly. Captain Farfan was shot in the face and is currently hospitalized in the (Follanini) Clinic. He is said to be out of danger. The police of Santa Cruz immediately began an investigation into the case and so far there is no news about who committed the attack.

Captain Farfan, who is out of danger, was able to describe the motorcyclist who attacked him. He said he was a tall, white, blond individual. Other witnesses say there were two men on the motorcycle.

Police sources say that Captain Farfan had been receiving information from Reyes about the activities of some drug traffickers so they thought that this was why he was killed. We reiterate that so far the police have not released any information about who committed the attack, but more information is promised soon.

Brazil

Minister Obtains Cheaper Oil From Iran

PY2711130290 Rio de Janeiro O GLOBO in Portuguese 26 Nov 90 p 19

[Report by Milton F. da Rocha Filho]

[Text] Sao Paulo—Infrastructure Minister Ozires Silva has obtained a reduction in the price of the oil it will purchase from the Iranian Government. This reduction will save Brazil $10 million (1.5 billion cruzeiros) before the end of this year. In addition to this agreement, several other private sector business agreements were closed. Minister Silva said that he cannot make further comment yet because some of the contracts have yet to be signed. Nonetheless, businessmen connected to export companies reported yesterday afternoon that business with Iran may surpass $200 million this year and that oil transactions are not included in this amount.

Reduction in the price of oil was obtained in the following fashion: The price of heavy oil has been reduced by $1.10 per barrel, and the price of light oil has been reduced by $0.70 per barrel.

The reduction negotiation was held at a high level, and Minister Silva was even received by Iranian President Ali Akbar Hashemi-Rafsanjani, with whom he talked for more than 30 minutes.

The infrastructure minister explained: The Iranian president said that he is ready to help Brazil in whatever way may be necessary and has showed interest for Brazilian matters. He was very pleasant. Iran has a five-year plan in which it intends to invest $120 billion. According to the Iranian officials, their government can purchase many Brazilian items. They are even interested in having Brazilian bidders for the construction of railroads, highways, bridges, and overpasses in Iran.

Minister Silva also announced that in December a Petrobras [Brazilian Petroleum Corporation] delegation will go to Iran to negotiate a new contract for the purchase of oil for 1991.

This new contract may cover a period of three or six months. In view of the uncertainties stemming from the Middle East crisis, Iran is not signing supply contracts for more than six months, Minister Silva explained.

President Collor Discusses Election Results

PY2711143690 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 26 NOV 90

[Text] President Fernando Collor today said in Brasilia that he is not surprised by the election results because the polls already anticipated those results. He added that he will not make any change whatsoever in the government team following the elections. President Collor granted an exclusive interview to this station.

[Begin recording] [Unidentified reporter] Can you give us an analysis of the results of the second round of voting?

[Collor] I think we all learn something from any electoral process. Every time elections are held, elections in which all participate, the basis of our democratic society is strengthened. Starting from that basis, we can build a more just and friendly society with greater solidarity. But we must also pay attention to the large number of null and blank votes, and to the abstentions.

[Reporter] Do you think, Mr. President, that the number of null and blank votes carry a message from the voter?

[Collor] They undoubtedly represent a message, and we must admit this, but I also think that it is a message that is not very well conveyed. I think it is much better to show up at the ballot boxes to exercise the citizens' rights, vote for a candidate, and choose a candidate, because this is the way to forge the system we want to consolidate in this country.

[Reporter] When assessing this situation, do you think it will be easier for you to outline the national understanding that is so desired by the government?

[Collor] Of course. It is not up to the president of the Republic to solve everyone's problems at the same time; it is the responsibility of the Brazilian society as a whole, especially of the political sector whose members were elected in 1990, to make a solidaristic effort, through the national understanding, and to find the suitable and appropriate solutions to pull the country out of its current problems. [end recording]

Economy Minister Cardoso Changes Staff

PY2711141890 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Nov 90 p C-9

[Text] A huge administrative reorganization of the Economy Ministry was made official on 23 November by Minister Zelia Cardoso de Mello. Cid Pimentel, former administrative secretary general, will be installed as the head of a Petrobras [Brazilian Petroleum Corporation] subsidiary next week. He is considered to be an expert in privatization. He will be replaced as the administrative secretary general by Jose Max Reis Veloso, who moves from his position as head of the Administrative Office of the Economy Ministry in Sao Paulo.

Octavio Pacifico, head of the Federal Property Office in Sao Paulo will become head of the Administrative Office of the Economy Ministry in Sao Paulo. Sergio Nascimento's position as chief of staff will be occupied by Minister Cardoso's adviser Luiz Fernando Vellich. Economy Under Secretary Joao Cunha will become Minister Cardoso's adviser although, so far, no one has been appointed under secretary.

Russian City Explores Potential Economic Ties

PY2811003690 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Nov 90 p A 11

[Report by Jaime Spitzcovsky from the Russian city of Kuibyshev]

[Text] The arms race, the golden child of the cold war, served as a Kremlin argument to limit the access of foreigners to regions of the country that were considered "strategic." The race to invest, the golden child of perestroyka, has made the Soviet Union lift the Stalinist veils. The city of Kuibyshev, the heart of the Soviet Union's defense system, has knocked down the barrier and opened its industrial complex to visitors. Attracting Brazilian cooperation is one of the objectives.

After receiving visitors from countries such as the United States, Japan, and Germany, Kuibyshev directed its attention to Brazil. On 20 and 21 November, Sebastiao do Rego Barros Netto, Brazilian ambassador to the Soviet Union, toured some of the city's factories and talked with local industrial leaders and politicians. It was an "exploratory mission" to obtain information on a market that has been strangled by a lack of raw materials, but which is glutted with sophisticated technology in the civil aviation and aerospace areas.

The gigantic Kuibyshev complex, which has some 200 factories that produce everything from keys to sophisticated missiles, has decided to adopt a program that will convert the Soviet military industry. With the end of the cold war, the idea is to put a brake on the production of weapons and channel efforts toward supplying consumer goods for the internal market.

Communist Konstantin Alekseyevich Titov, 46, mayor of Kuibyshev and promoter of the Brazilian visit, explained: "We no longer gauge visitors from an ideological viewpoint, but from a business viewpoint."

His audacity points to extreme reform. Kuibyshev dreams of Brazilian cooperation in implementing a credit card system and automatic banking. It wants food from Brazil to normalize the sector, prevent rationing, and face the winter. The municipality estimates that it can import meat, milk, cheese, butter, and cocoa.

Viktor Mikhailovich Vassilenko, director of the Rossiya chocolate factory, stated: "I do not have raw materials for December's production." This factory usually imports 6,000 tons of cocoa from Brazil. Because the economy is still managed in Moscow, the Kremlin's lack of credit in the international sector affects industries throughout the country.

According to Vassilenko, the thing to do is bypass the planned economy and establish direct contracts abroad. He also stated that there are contacts for Rossiya's association with Brazil's Lacta Enterprise.

Boris Plotnikov, vice president of the Poliot Association, an industrial complex that employs 100,000 workers, noted that Brazil and the Soviet Union can strengthen economic relations through joint ventures [preceding two words in English] (mixed enterprises) and barters [preceding word in English] (the exchange of products).

Further on Possible Economic Ties

PY2811005690 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Nov 90 p A 10

[Report by Jaime Spitzcovsky]

[Text] The Brazilian Government is seeking cooperation with the Soviet Union. In September, Aeronautics Minister Socrates Monteiro held talks with Soviet military officers and officials from the civil aviation sector and the nuclear program. He returned to Brazil convinced that the "enemies of the cold war" can be good partners.

Washington does not look kindly on the Brazilian move toward Moscow. Agreements with Kuibyshev [city in Russia] industries would mean access to technologies for the production of missiles and heavy machinery, space rockets, and petroleum exploitation. Thus, Brazil could provide information that its traditional allies, such as the United States, have been reluctant to provide.

Seeking cooperation to prevent the failure of perestroyka, the Soviet Union sees Brazil as a possible supplier of raw material. It also sees Brazil as a possible market for its civilian airplanes and medical equipment. [Sebastiao do] Rego Barros was the first [Brazilian] ambassador to visit Kuibyshev, which shows the Soviet investment in cooperation with Brazil.

Kuibyshev wants to become a city. A scientific, cultural, and economic cooperation project was given to the ambassador, who will send it to [Sao Paulo] Mayor Luiza Erundina. Novosibirsk, in Siberia, is also investing in a partnership with Brazil. Diogenes Antunes, director of the Banespa [Sao Paulo State Bank] office in Moscow, visited that city last week at the invitation of the local communist party.

Split between producing cannons or butter, the pre-Gorbachev Soviet Union chose the first option. It developed weapons capable of destroying the world several times over, but the failure of that model has emerged with the inability to feed the population.

Perestroyka wants to turn the gigantic military industrial complexes into units capable of producing consumer goods. Gorbachev has forged the way to eliminate the cold war, end the arms race, and channel resources to recover the Soviet economy. One of the points of that strategy is the conversion of the military industry.

According to Deputy Defense Minister Vitaliy Shabanov, 56, the military industries will be altered in the next three years to produce consumer goods. The ambitious project seeks to change a total of 422 factories by 1995. "The remaining enterprises will continue producing weapons and military equipment on a drastically reduced level," Shabanov stated.

"Hitler scared us," said Boris Plotnikov, of Poliot [an industrial complex], justifying investments in the military sector. "We lost more than 20 million people in the war, and for this reason we understand our Army's concern," he added.

Central Bank President Reports on European Trip

PY2711132890 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Nov 90 Economic Section p 4

[Report by Marielza Augelli]

[Text] Rome—The one-week trip by Central Bank President Ibrahim Eris to the United States and Europe ended yesterday in Rome, where he met with Banca D'Italia (Italian central bank) Governor Azeglio Ciampi. Eris termed the trip as positive and intends to initiate negotiations with creditors next Tuesday [27 November] in New York.

In a press conference at the Brazilian Embassy just after his talk with the Banca D'Italia governor Eris said: "I hope these visits have helped to clearly demonstrate our intentions," adding that "Brazil received a proposal from the creditor banks and treated it seriously, making a counterproposal that we hope will mark the beginning of negotiations."

Evaluating his trip, Ibrahim Eris reasserted that most of his interlocutors consider the Brazilian counterproposal to be reasonable. This counterproposal call for the prompt payment of 15 percent of overdue interest in cash, some $900 million, with the remainder to be placed in 15-year maturity bonds earning a fixed interest of nine percent per annum, with a five-year grace period.

Eris announced that Brazil intends to set approximate total debt payment totals for the next three years, establishing the basic terms for negotiating the form of payment of the medium- and long-term debts. He said: "By the time we have to make debt payments we will already have an agreement on principles that would guide future discussions." According to the Central Bank president, over the next five years Brazil will have cash-flow difficulties. "We will pay the debt with self-generated resources," he affirmed.

With Banca D'Italia Governor Azeglio Ciampi, Ibrahim Eris discussed the general guidelines of the Brazilian economic policy. Eris said: "Mr. Cioampi found our debt-negotiation proposal reasonable and praised our economic policy, calling it courageous."

Brazil owes Italian banks $1.0 billion, or 0.7 percent of the country's foreign debt.

Eris stressed that the visits were "necessary" and sought to clarify "crucial points" in the negotiations. "The people with whom I talked understand that our situation is such that Brazil cannot make greater concessions," Eris said. According to the Brazilian Central Bank president, the Brazilian Government is committed to pay $8.5 billion of debt principal and interest next year, and it has already paid $7.0 billion this year.

* Strategy To Reduce Profit Margin Revealed

91SM0050A Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Oct 90 p C-4

[Article by Brasilia bureau chief Gilberto Dimenstein: "Government Wants Reduction of Profit Margin Included in Compact"]

[Text] FOLHA DE SAO PAULO has obtained a Ministry of the Economy classified document that reveals the government's strategy to achieve the "national compact." Actions have been proposed with a view to defining a common goal for national development that would unite employers and workers in a single project. The basic idea is to link productivity increases, and a reduction in the profit margin of companies, to income distribution and a reduction in poverty.

The document was prepared by Antonio Kandir, special secretary for economic policy, who is convinced that the discussions of the so-called "national compact" cannot be limited to short-term problems such as wage adjustments: the government must establish a more comprehensive plan in the course of the discussions between employers and workers.

The document establishes the "12 tasks of modernization," divided into two groups: a reduction in profit margins, and an increase in productivity. The idea is that carrying out the campaigns to achieve these two goals will necessarily involve income distribution and a reduction in poverty.

The following steps were prescribed to reduce the margins:

- decontrol of imports;
- incentives for foreign capital;
- privatization;
- deregulation;
- an antitrust law; and
- modernization of capital-labor relations.

Some of the tasks are linked to an increase in productivity, notably the decontrol of imports; deregulation; and modernization of capital-labor relations. Six tasks, however, are of an exclusive nature: 1) specialization of the economy; 2) technological qualification; 3) development of the infrastructure, with participation by the private sector; 4) education; 5) fighting poverty; and 6) governmental reform.

According to the document, current profit margins are obtained in association not with increased productivity or technological innovation but with "low wages, and the extensive and predatory use of natural resources or governmental privileges and concessions." Consequently, increased productivity and a reduction of the "spurious" profit margins will "gradually eliminate the basic causes of the concentration of income and the inefficiency of the production structure, which are responsible for the poverty and backwardness of the Brazilian economy."

Kandir says that to achieve industrial restructuration it is essential to "support specialization of the economy"—rather than seek self-sufficiency, as in the past—by facilitating the investment, even of public funds in sectors where Brazil has "concrete opportunities to achieve competitive specialization."

According to the document, the industrial profile that will emerge from this process does not depend solely on the government—with its incentives for technological qualification—but also on putting together the "sphere of the national compact." Kandir believes these advances will be connected with changes in the capital-labor relationship. "The new technological model," he says, "requires—on the part of the workers—a greater commitment to the production process and also a higher level of skills."

The document further states that the benefits from the technical progress and increased productivity should result in an improvement in the quality of life, given the fact that "more cooperative capital-labor relations would be necessary."

The government has the role of coordinating investments in the infrastructure to support economic development—this time, however, sharing tasks with private enterprise. High on the list of the goals contemplated in the area of the infrastructure, the document states, are education and the fight against poverty.

The document states that the new technological model requires more highly trained workers, which in turn means increased spending on education and on improving the quality of life as well as investments in basic sanitation and transportation. "The adoption of more sophisticated technological models is also dependent to a great extent on continuous pressure from a market consisting of consumers who are more demanding," the document emphasizes.

The modernization project set forth in the document views the fight against poverty and against insufficient education as not only an economic necessity but a political necessity as well. The document argues that

consolidation of this project "is contingent on the support of a society that is democratic and participative." The document concludes with an explanation. "In the new production structure," it says, "the intervention of the state takes on a selective and temporary character, and its central role becomes that of an architect of systematic competitiveness, social harmony, and democratic coexistence."

* Oil Self-Sufficiency Projected by End of 1995

91SM0058C Sao Paulo GAZETA MERCANTIL in Portuguese 12 Oct 90 p 14

[Article by Sergio Garschagen]

[Text] Brazil should achieve oil self-sufficiency by the end of 1995, when production should reach a level of one billion barrels per day, Ozires Silva, minister of the infrastructure, announced yesterday to this newspaper.

To make this possible, Petrobras [Brazilian Petroleum Corporation] should increase its investments by another $1 billion per year, to at least $3 billion, starting in the next fiscal year. This sum corresponds to the investment in prospecting achieved in 1982.

Ozires Silva stressed that each dollar added to the international price of petroleum [per barrel] means an extra expenditure of $600,000 a day for Brazil, which imports 600,000 barrels per day. This, in theory, represents a monthly expenditure of $1.8 million. As the price per barrel has increased by $20 since September, when Iraq invaded Kuwait, the expense is staggering.

Fortunately, government technicians note, there are contracts signed before the war which are still in effect. In practice, it means that the country has not yet felt the full effect of the price increase.

The repercussions of the present crisis may be compared with the second petroleum crunch in 1979, which resulted in costing Brazil $11 billion in a single year. In other words, with the guarantee of another $1 billion in investment, Petrobras could achieve self-sufficiency by the end of the Collar administration.

The minister recalled that after 1986, when there was a different kind of shock (with prices dropping by one-third), Brazil did not avail itself of the opportunity, taken by the Asian tigers, Japan, and other developed countries, to tax fuels and raise money for investment.

This mistake will not be repeated. Although he ruled out the possibility of transferring the real cost of petroleum to the consumer, Ozires Silva said that, from now on, fuel will be sold at the "correct" price, enabling Petrobras, as a company, a guaranteed profit margin and, as a result, real investment capacity.

In August, in a deposition to the Senate Energy Committee, Petrobras president Luiz Octavio Motta Veiga stated that in the year 2000, the country would produce 1.5 million barrels of oil per day.

In the opinion of Minister Ozires Silva, Brazil currently finds itself in a "muddle"; Proalcool [Alcohol Production Program] generated a gasoline surplus, which is exported, but the big problem is the growing demand for diesel, with consumption increasing at an average five percent per year. In practice, this increase means that demand will double in less than a decade [as published]. "Today, diesel is the determining factor in our oil importation," Ozires Silva declared. He had a warning: although the Collor administration is not interventionist and is seeking the market economy path, if this demand for diesel continues to grow, the government could intervene in the process of production of heavy utility vehicles, such as pickup trucks, that burn diesel.

In this muddled national energy picture, the minister stressed that it is necessary to guarantee large-scale production of carburet alcohol. There is an installed capacity of 16 billion liters per year (16 million cubic meters), which must be achieved if the product is not to be priced out of the market, because diesel is still being subsidized. For the second half of the year, the minister projects a need for an added 30,000 barrels per day, because of the greater demand occasioned by the agricultural harvest.

The minister also stressed that there is no way to increase domestic production of diesel oil. Each barrel of crude oil cracked in the refineries yields 32 percent diesel and 16 percent gasoline. This is possible because domestic diesel is impure and hence does not meet international specifications. "If we observed these international standards, we would have to increase petroleum imports from the current 600,000 barrel per day to 800,000 barrels per day."

This is one of the reasons for the government's concern about the manufacture of diesel-powered passenger cars. Diesel is subsidized in Brazil, unlike other countries, such as Germany and the United States, where there is a larger tax on this fuel, whose cost per kilometer driven is equal to that of gasoline.

* Rezek Prepares Policy for Arms Materiel Sector

91SM0050B Sao Paulo GAZETA MERCANTIL in Portuguese 10 Oct 90 p 3

[Article by Cleide Castro: "Foreign Ministry Studies New Regulations for Military Sector"]

[Text] Brasilia—Minister of Foreign Affairs Francisco Rezek said yesterday that the government is preparing a new policy for the conventional arms materiel sector. "Brazil will be establishing the basic lines of this policy within the next few months," he said, "and no later than early next year."

According to the foreign minister, "the most sensitive area" relates to exports and involves not only the sale of military materiel but the performance of services abroad. He said the latter aspect had become manifest recently with the activities carried out in Iraq by HOP

[Hugo de Oliveira Piva] Consultants, a company owned by Brigadier General (of the reserves) Hugo Piva. "The company's situation was perfectly legal; it was work done by private enterprise," Rezek maintained. "In other words, the government had nothing whatever to do with it, but we can improve our performance in this area."

President Fernando Collor yesterday afternoon telephoned King Hussein of Jordan to thank him for negotiating with the Government of Iraq to expedite the release of the last of the Brazilians being held. According to the Planalto Palace communications office, Collor expressed his "profound gratitude" for the king's cooperation and said that "the Brazilian Government and the Brazilian people are hopeful that there will be a peaceful resolution of the crisis."

Mendes Junior

Luiz Pozzobon, assistant director of the international division of the Mendes Junior company, told reporter Josemar Gimenez yesterday that the construction firm is already making efforts to persuade its clients in Iraq to obtain the release of its 11 employees who remained in that country to supervise the construction sites. "The presence of these people in Iraq is not necessary," Pozzobon said, "and we are trying to point this out."

* New Petrobras Head Teixeira Profiled

91SM0058B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 21 Oct 90 p 3

[Text] Brasilia—At age 36, Eduardo de Freitas Teixeira, the new president of Petrobras [Brazilian Petroleum Corporation], has accumulated vast experience with the momentary successes and failures of the economic stabilization plans. As a career civil servant of the Central Bank [BC], he took part in setting up and executing the Cruzado and Verao plans. This experience and knowledge of the administrative machinery also led him to take part in drafting the Collor Plan and to win the confidence of the present economic team with his prescription for the state sector. It is centered on combating corporativism, regaining efficiency and striving for competitiveness.

These are the three principles that Eduardo Teixeira intends to adopt in his management of Petrobras. In the official vision, it will be a radical change from the behavior of his predecessor, Luis Octavio da Motta Veiga, who left the post on Friday, accused of failure to implement the decisions of the government and of incompetence; the charge was made by Claudio Humberto Rosa e Silva, spokesman for the Presidency of the Republic.

Teixeira's trademark in the government has been the obdurate criticism of the excessive corporativism in the state companies. As executive secretary of the Ministry of the Economy, he has gained the respect and confidence of Minister Zelia Cardoso de Mello and the liking of President Fernando Collor. His anticorporative philosophy was a prerequisite for his appointment to the Petrobras post by the government team.

Colleagues

Born in Bom Jesus de Itabapoana (Rio de Janeiro), twice married, childless, Eduardo Teixeira received a degree in economics from the Federal University of Rio in 1977. He later received his doctorate in economics at the University of Campinas (Unicamp). It was there that he formed friendships with many of the renowned economists who have been taking part in the decisionmaking inside the government.

As a member of the so-called "Campinas Group," Teixeira developed closer relations with such economists as Luiz Gonzaga Belluzzo, Joao Manuel Cardoso de Mello, Andre Lara Rezende, Persio Arida, and Francisco Lopes. In 1978, he went as a career civil servant to the Central Bank, where he remains to this day as a permanent employee. It was Teixeira's ties with the "Campinas Group" that led him to leave his strictly technical duties at the BC to take up increasingly important political duties in the upper echelons of the government.

In 1986, economist Luiz Gonzaga Belluzzo invited him to be an advisor to the Finance Ministry's Secretariat of Economic Affairs. Teixeira served with distinction and soon gained the confidence of then Finance Minister Dilson Funaro.

Although Funaro fell, Eduardo Teixeira went on working in the Secretariat, which he left only with the fall of Funaro's successor: then Finance Minister Luis Carlos Bresser Pereira. At that time, he returned to the Central Bank and remained there until the beginning of this year, when Minister Zelia Cardoso de Mello invited him to work on the elaboration of the Collor Plan. When the Plan was completed, Teixeira assumed the post of executive secretary of the ministry. The minister was pleased with his work. Teixeira also became close to President Collor and even went shopping with him twice in a supermarket in Brasilia. Teixeira kept count of the purchases and helped Collor push the grocery cart. Yesterday in Brasilia, Teixeira took his first precaution as president of Petrobras; he asked to have his home telephone number changed.

Formulas

Since his Unicamp days, Eduardo Teixeira, whose sign is Scorpio, has been used to struggling with the heterodox and orthodox formulas dreamed up to put the economy in gear. He comes to the presidency of Petrobras convinced that the Collor Plan is technically correct and presumes that, by January, inflation should fall back to a single-digit figure.

The tighter monetary and fiscal policies which the government has adopted are necessary and are at the right strength, according to Teixeira. In his opinion, these measures would have brought inflation down to about seven or eight percent

per month, if it were not for the conflict in the Middle East. Teixeira also advocates maintaining the liberal import policy, because he feels this is the way to make the domestic market more competitive and foster competition among the companies.

An ardent advocate of the de-indexation of the economy, Eduardo Teixeira will take over the presidency of Petrobras on Tuesday determined to follow to the letter the official decision to reduce state participation in the economy. With regard to Petrobras, he is disposed to break the back of the corporativism of the company, which has led it to follow different paths from those intended by the government.

"The biggest challenge for the government is to establish a price for petroleum that will remunerate Petrobras without creating extraordinary profits, because the company is a monopoly," Teixeira explained in his first interview following his appointment. According to its new president, Petrobras is the property of the Federal Union and hence must be attuned to the directives of the economic plan drawn up by the government.

* 63-Percent Turnover in Chamber of Deputies

91SM0058A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 90 p 8

[Report by Eliane Cantanhede]

[Text] Brasilia—Of the 487 deputies elected in 1986 to collaborate with 72 senators in drafting the new Constitution, plus the eight deputies added later to represent the new state of Tocantins, only 186 will remain in the legislature for the constitutional revision in 1993. The other 309 (or 63 percent) either did not wish to run for reelection, preferred to run for other offices, or were simply defeated at the polls. Defeat did not discriminate as to political prominence, party affiliation, or professional background; it came in the same ruthless way to former Justice Minister Fernando Lyra (PDT-PE [Democratic Worker's Party-Pernambuco] and actress Bete Mendes (PSDB-SP [Brazilian Social Democracy Party-Sao Paulo]), former Chamber president Flavio Marcelio (PDS-CE [Social Democratic Party-Ceara]) and Daso Coimbra (PRN-RJ [National Renewal Party-Rio de Janeiro]), the Chamber's expert prognosticator.

The defeats occurred not only in all parties, large or small, old or new, but in all the states. In Parana, for example, only five of 30 federal deputies were reelected; in Para, two of 15 deputies; and in Alagoas, two of nine. In the assessment of parties of the Center and Left, victory went to the candidates who had large sums of money to spend on their campaigns or who conducted very intensive rear guard campaigns in union and communitarian sectors. Ibsen Pinheiro, the moderate leader of the PMDB [[Brazilian Democratic Movement Party], received the fourth highest vote in Rio Grande do Sul, with 64,000 votes, and he agrees. "The proportional vote proved apt to represent the economic power, corporate interests or regional demands. The national interest came second," he charged, calling himself a "survivor."

In some cases, personal interests prevailed, and in two states—Pernambuco and Bahia—the Left was defeated by the Left itself. In Pernambuco, former Governor Miguel Arraes left the PMDB for the PSB [Brazilian Socialist Party]; he was elected deputy by the largest vote in the country and buried names considered untouchable in the Chamber: Fernando Lyra (PDT), Cristina Tavores (PDT), Egydio Ferreira Lima (PSDB), and Oswaldo Lima Filho (PMDB), a group which fought together for years against the military regimes.

In Bahia, the process was similar. Waldir Pires, the PDT candidate for deputy, former governor, former minister in the Sarney administration, and former PMDB candidate for vice president of the republic, received the largest vote. Offsetting this, however, Domingos Leonelli (PSB), Fernando Santana (PCB [Brazilian Communist Party]), Jorge Hage (PDT), and Virgildasio de Senna (PSDB), all stalwarts of the Left, were not reelected. Moreover, Deputy Carlos Santana, who served in the Sarney government as minister of health and of education and became the government leader in the Chamber, will not be returning.

The PSDB did not always have the money to enter the economic power struggle with the PDS and PFL [Liberal Front Party] candidates, for example. Nor did it have enough rearguard support from any communitarian or union movement to challenge the PT candidates. "No one gets elected any more just by giving speeches," criticized a PT deputy. Hence, in addition to losing the principal members of the National Executive Committee itself, the "tucanos" [for toucan, the PSDB party symbol] found themselves deprived of such active deputies as Jose Costa (Alagoas), Arthur da Tavola (Rio de Janeiro), Jorge Uequed Moema Sao Thiago (Ceara), and Robson Marinho (Sao Paulo). Moeno suffered the further indignity of being defeated in the only state where the party candidate was elected governor—Ciro Gomes, former mayor of Fortaleza.

Party leaders such as Ibsen Pinheiro (PMDB) and Euclides Scalco (PSDB), do not agree with the idea that the Left was the big loser in the 3 October elections. According to Scalco, "this sense of defeat is only because historic figures on the Left were really put aside, but it is not generally true." To Ibsen, the 63-percent turnover in the Chamber "does not change the profile of the house." In Ibsen's view, "it is true that important figures on the Left have been defeated, but the shape is the same, the product is the same."

When Ibsen and Scalco refer to "important figures on the Left," they are referring primarily to the former members of the "Authentic Group of the MDB [Brazilian Democratic Movement]"—deputies who were elected by the left wing of the old party in 1970 and who led the parliamentary opposition to the military presidents. Scattered over several parties, almost all of them

were defeated, including Lysaneas Maciel (PDT-Rio de Janeiro) and Fernando Lyra himself, or—like Chico Pinto (PMBD-Bahia)—simply did not choose to run for reelection. The only two exceptions were Amaury Muller (PDT), reelected deputy, and Alceu Collares (PDT), who reached the second round in the race for governor of Rio Grande do Sul.

There were also casualties among the 28 former ministers of the Sarney administration, seven of whom lost their race for the Chamber: Lyra, Carlos Sant'Anna, Saulo Ramos, Deny Schwartz, Aluizio Pimenta, Anibal Teixeira, and Dante de Oliveira. Lyra, Sant'Anna, and Dante de Oliveira were running for reelection.

The dimensions of the defeat are signaled by the careers of those who were defeated. Fernando Lyra, 52, has been a federal deputy for 20 years and, among other deeds, was the architect of the rapprochement of the PMDB's left wing with the moderate (and thus adversary) Tancredo Neves, in 1984. Bete Mendes, 41, is serving only her second term, but she has been a student leader since her youth and is on the list of those who were tortured during the military dictatorship. Flavio Marcilio, 73, has been a deputy since 1963 and was president of the Chamber. Daso Coimbra, 63, is serving his seventh term; he woos voters with birthday and Christmas cards and evangelical prayers, and became known as someone who always correctly predicted the results of big votes in the Chamber. Communist Fernando Santana, 75, first won election to the Federal Chamber in 1959—when, certainly, the great majority of the 503 federal deputies-elect were not even born. Now, like most of his peers, he will bow out.

Tucano Leaders Out

Brasilia—The elections on 3 October were particularly ruthless toward the PSDB National Executive Committee. Defeated candidates for various posts included PSDB president Franco Montoro (Sao Paulo), vice president Octavio Elisio (Minas Gerais), secretary general Egydio Ferreira Lima (Pernambuco), first secretary Saulo Queiroz (Mato Grosso), and even Euclides Scalco (Parana), PSDB leader in the Chamber.

Moreover, the PSDB bench in the Chamber will be reduced by one-third (from 60 to 40 deputies) and only one of the five vice leaders will be back on 1 February: Elias Murad (Minas Gerais), a recent acquisition from the PTB [Brazilian Labor Party] and in the more right-leaning wing of the PSDB.

In the latest elections, the PT jumped from 17 to 36 federal deputies; it succeeded in electing its first northeastern representative in the Chamber: Alcides Modesto (Bahia), as well as its first senator: Eduardo Suplicy (Sao Paulo). The labor parties also made gains. On the Left, the PDT, which elected 24 federal deputies in 1986 and increased its bench to 39 deputies through subsequent switches in party affiliation, will start the next legislature with 47 of the 503 seats in the Chamber. In the Senate, it holds five of the 81 seats. On the Right, the PTB went from 27 to 37 or 38 federal deputies and from four senators to eight.

Oddly enough, the old PDS, successor to the ARENA [National Renewal Alliance] and precursor of the PFL, recovered ground after having declined since the end of the military governments. It went from 31 deputies to 42 and from two senators to four. President Fernando Collor's young PRN [National Reconstruction Party] presented very similar figures: it went from 31 deputies to 41 and maintained six senate seats.

* General Agenor Seen as New Star in Planalto

* Viewed as Overshadowing Coimbra

91SM0057A Rio de Janeiro O GLOBO in Portuguese 16 Oct 90 p 4

[Article by Maria Lima]

[Text] Brasilia—About two months ago, when the government made its first efforts to put together a social pact, doing without the participation of representatives of the trade-union sector, President Fernando Collor entrusted the delicate "operation of rapprochement with the left" to no less than the chief of the Military Household, Gen. Agenor Homem de Carvalho, himself. With his arrangement of two meetings between the president and Jaco Bittar, the prefect of Campinas and one of the men in the PT [Workers Party] trade-union movement, Gen. Homem de Carvalho advanced from his functions as chief of the Military Household to the role of a very successful political organizer. Today, no one in the Planalto Palace denies that the general is one of President Collor's closest collaborators, and has now come to overshadow the figure of Ambassador Marcos Coimbra, the secretary general of the Presidency, previously seen as the gray eminence of the government in the realm of political articulation.

More recently, during the episode in which Minister Bernardo Cabral resigned and Senator Jarbas Passarinho was suggested as his replacement in the Ministry of Justice, it was Gen. Agenor Homem de Carvalho, because of his reputation for discretion, who was the linchpin in the entire complicated operation. The task of conveying to the minister of justice the message that the president would be very happy if he would submit his resignation fell to the head of the military household. Agenor provided full service. Long before that, he had been entrusted with the task of communicating with Senator Jarbas Passarinho and smoothing the rough edges in the relationship between him and President Collor.

The close relationship with Prefect Jaco Bittar, dating from the time when he served as commander of the 11th Armored Infantry Brigade in Campinas, facilitated a closer relationship between the trade-union leader and President Collor. In addition to a meeting at the Planalto Palace, Agenor Homem de Carvalho arranged a solemn

ceremony at a military academy in Braganca Paulista. From there, he proceeded with Collor to neighboring Campinas, where he had also arranged another meeting with Bittar and a visit to the trade unionist Luis Antonio Medeiros. Thus the groundwork was laid for a later talk with Jair Meneguelli, president of the CUT [United Federation of Workers].

Even the parliamentary advisers in the Congress have now discovered how much influence the head of the military household has with the president. Among the parliamentarians, he is seen as the bridge for those wishing to reach President Collor. This bridge was used, for example, to facilitate the renewal of the provisional measure extending the bonus granted by the government to workers earning the minimum wage to retired individuals and pensioners. Defeating the opposition put forth by Minister Zelia Cardoso de Mello, the general persuaded the president to promulgate the measure.

* Buffer Role in Cabinet

91SM0057B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 90 p 6

[Text] Brasilia—The day after the liberation of the price of category C milk three months ago, Gen. Agenor Homem de Carvalho, chief of the military household of the Presidency of the Republic, summoned Minister of Agriculture Antonio Cabrera and the interim minister of economy, Eduardo Teixeira (Minister Zelia Cardoso de Mello was traveling abroad), to his office.

"Explain. I want to understand this matter," the general, whose assignment was to resolve the polemic argument between the two ministries, began. With the liberation of category C milk, the price spiraled, and according to calculations in the economic sector, this was responsible for an intolerable increase in the rate of inflation in July. Teixeira wanted to reestablish price controls on milk, and Cabrera wanted to maintain the free price. After all, it was he himself who announced the good news to the producers.

After hearing the reports of the two ministers, the general turned to Cabrera and stated his view. "In this way, Mr. Minister, you could compromise the president's economic plan." The two ministers left the Planalto Palace and held a lengthy meeting during which the new price for category C milk was established. "It is General Agenor who is the strong man in the Palace," a senator who is often at the Casa da Dinda says.

In seven months of government, Agenor Homem de Carvalho, the two-star general, won the confidence of the president and, with the resignation of Minister Bernardo Cabral, took on the role reserved under preceding governments for the head of the National Service for Intelligence (SNI), thus becoming a kind of buffer in the conflicts among cabinet members.

On 13 September, General Agenor provoked an incident which had political repercussions. On that day, President Fernando Collor planned to talk with trade unionist Luis Antonio de Medeiros, in Sao Paulo, about the wage bonus for retired persons. The meeting, which could have been held at the headquarters of the Metallurgical Workers Trade Union in the capital, was moved to the union's vacation settlement in Braganca Paulista, so that the president would have to land at the Viracopos Airport in Campinas. This move enabled Agenor to encourage Collor to meet with the prefect of that city, Jaco Bittar of the PT [Workers Party], who agreed to see to the preparations for a visit to be paid by the president of the CUT, Jair Meneguelli, to the Planalto Palace to discuss the social pact.

A former commander of the Fifth Military Region in Campinas who was picked for his post by Minister of Army Carlos Tinoco, General Agenor is discreet, but his importance is confirmed by all of those who frequent the Planalto Palace. "All of the important decisions involve, for discussion at the very least, a consultation between the president and the chief of the military cabinet," one government leader says. "The general occupies the space formerly reserved for Ambassador Marcos Coimbra," a state enterprise director says, referring to the secretary general of the Presidency. It was the general, for example, who was responsible for the fact that Chief Romeu Tuma stayed in government, at a time when there was speculation about the director general of the Federal Police as a candidate for the governorship of Sao Paulo. Agenor persuaded the president that this proposal might divide the voters who were inclined to support Paulo Maluf (PDS [Social Democratic Party]), leading to an electoral defeat, and he informed the chief that Collor would prefer not to see him run as a candidate.

Chile

Union Leader, Congressmen React to Bush Visit

PY2711120490

[Editorial Report] During its regular newscast on 26 November at 2200 GMT, Santiago Domestic Service in Spanish carries four items in which a union leader and several congressmen view the upcoming visit to Chile by U.S. President George Bush.

Pedro Briseno, president of the "Chilean Labor Central [Central de Trabajadores de Chile—CTC] has requested that the government suspend U.S. President George Bush's visit to Chile because of the serious measures adopted by the U.S. Government against Chilean trade, military, and economic interests." Briseno stated that his labor central expresses "the inconvenience of the U.S. President's visit to Chile, since that country has maintained an absolutely negative attitude regarding trade relations with our country." Briseno said his labor central supports the proposal "made by some political parties to reject the U.S. President's visit to Chile," since "the United States has not given any signal in favor of Chile, despite the Chilean Government's continuous support for all U.S. actions."

Meanwhile, National Renewal, RN, Deputy Federico Mekis said: "My party will not support the motion made by the Independent Democratic Union [UDI] to prevent U.S. President George Bush from addressing the Chilean Congress during his visit." He said his party always opposed the Chilean Government's bilateral policy with the United States. "I think that President Bush should have a chance to explain his thoughts to the congressmen who represent the Chilean citizenry about our pending problems. Since he has already been invited, it would be regrettable not to take advantage of the opportunity." Mekis said: "If I had been asked whether this visit was timely or not, I would have answered that it is not timely because little progress was attained in the bilateral relations between the two countries. Since he has already been invited, however, the country, government, and congressmen should be polite" and listen to him.

In turn, UDI Senator Jaime Guzman explained the position of his party for not wanting to receive U.S. President George Bush in Congress. He said: "Since the United States has not solved any of the pending problems with our country," and "since there is no reason for maintaining the measures against Chile so many months after democracy was installed, it would be preferable that President Bush did not come. Since he is already coming, however, we think that Congress should make him aware of the discomfort felt by large sectors of Chilean society regarding U.S. policy toward Chile by canceling the invitation to speak to the Chilean Congress." Guzman thinks that such a gesture "will not affect relations with the United States, since they have already deteriorated as a result of unfair and discriminatory U.S. measures."

Finally, Chamber of Deputies Vice President Carlos Dupre labeled the UDI's attitude not to receive U.S. President Bush in Congress as a "serious mistake." He said: "From the political point of view, I think it is a serious mistake, because" it is known that "the Chilean Government is making a great effort to normalize our international relations with all the countries of the world," and "if the UDI's initiative is approved, it would harm" our relations with the United States. Dupre, however acknowledged that "there are difficulties in the relations with the United States" despite "the hard efforts made by the Aylwin administration," whose "initiatives have not been equally reciprocated by the U.S. Administration."

Further Reaction by Congress

PY2811113490

[Editorial Report] During its regular newscast on 27 November at 2200 GMT, Santiago Radio Cooperativa Network in Spanish carries two items in which three congressmen view the upcoming visit to Chile by U.S. President George Bush.

Deputy Teodoro Rivera of National Renewal said that even if the Independent Democratic Union, UDI, opposes the visit of President Bush to Congress, the U.S. President can still meet with deputies and senators in Congress. The UDI said that its committee of deputies will oppose a joint session of Congress to welcome President Bush. The UDI explained that, according to regulations, a joint session cannot be held if a committee opposes it. Rivera said: "The regulations of the Chamber of Deputies establishes in Article 27 that the joint session of Congress will be governed by a special regulation that must be approved by the Chamber of Deputies and the Senate by common agreement. So far the special regulation has not been approved." He added: "This means that a joint session of Congress cannot be called if there is no unanimous decision."

Deputy Jose Antonio Viera Gallo, president of the Chamber of Deputies, announced that in the next few days the U.S. Government will lift the U.S. sanctions against Chile and that the UDI position that Congress should not hold a joint session to welcome President George Bush will therefore be left without justification. Viera added: "According to the negotiations held between the Chilean and U.S. Governments there are indications that the sanctions will be lifted before President Bush's visit."

Deputy Andres Chadwick, chief of the UDI bloc of deputies, has said that if the announcement made by Deputy Viera Gallo is true, the UDI will change its position. He said: "We believe that the announcement made by Viera is quite positive, and we hope the lifting of the U.S. measures against Chile will be implemented as soon as possible."

He added: "Now that an announcement was made by the president of the Chamber of Deputies, and in the hope that the measures will be lifted, we obviously withdraw our opposition to Bush's visit to Congress. On the contrary, under those conditions Bush will be quite welcome to visit our Congress."

UDI Condemns Attack on Office in La Cisterna

PY2811122690 Santiago Domestic Service in Spanish 1000 GMT 28 Nov 90

[Text] The UDI [Independent Democratic Union] has strongly condemned the attack on one of its offices located in La Cisterna neighborhood by armed individuals who identified themselves as members of the extremist Lautaro Movement. The attack was carried out by four men and a woman on the office at 7495 Gran Avenida.

UDI metropolitan president Mario Varela has stated that this threatening action is an attack on democratic coexistence and on the people's security.

[Begin Varela recording] We believe that this terrorist group stems from the fact that our party has a strong presence among the people in this community and in the different metropolitan sectors. This fact seems to annoy that movement. We also believe that they are annoyed by the UDI's consistent opposition to the Cumplido

Law, which seeks to reduce sentences given to terrorists, and to the constitutional amendment proposal to pardon terrorists. [end recording]

Varela added that in this specific case, where the reduction of their sentences would be promulgated, the extremist criminals would serve shorter prison terms.

Greek Minister Secretary General Pays Visit

PY2711182290 Santiago EL MERCURIO in Spanish 14 Nov 90 p 16

[Excerpt] Andreas Zaimis, minister secretary general of Greece, has commented that Chile has still not reached "full democracy" for which it still has a "great process" to fulfill. Saimi is visiting Chile looking into the situation of the 2,500 members of the Greek community in Chile.

Saimi was received yesterday at La Moneda by Minister Secretary General of Government Enrique Correa. He said that his country is "renewing" its relations with Chile in view of the "great satisfaction caused by Chile's return to full democracy." [passage omitted]

Colombia

* Reforms To Simplify Judicial Process Outlined

91SM0067B Bogota EL ESPECTADOR in Spanish 12 Oct 90 p 15-a

[Text] The government plans to build a wide highway to relieve congestion in the courts. One of the main problems facing the Judicial Branch, the eternal accumulation of trials and cases, can be resolved by means of a series of reforms introduced to Congress.

Minister of Justice Jaime Giraldo Angel yesterday introduced a bill to the House of Representatives made up of 121 articles containing mechanisms aimed at clearing away congestion in the courts.

The bill proposes transferring competency to mayors and police and transit authorities so they might become the court of the first instance for several infractions, institutionalizing the mechanism of conciliation (settlement between parties) for labor and family affairs and administrative litigation, modifying traditional arbitration, and creating institutional arbitration in which a compulsory civil service will be offered.

Also being considered are proposals to create so-called "fairness conciliators" (so-called justices of the peace), officials from the community given powers to handle problems that arise in the community, as well as "centers of conciliation" under Bar Associations, legal advisory offices, and other foundations where one could go to solve any matter subject to litigation.

Another mechanism that will be used to relieve congestion in the courts and presented in another proposal in the same package will be the declaration of a "judicial emergency" through which it would be possible to dismiss numerous trials not resolved for different reasons.

The emergency was not specified in the bill due to the fact that it will be discussed and agreed upon in coordination with members of Congress responsible for debating the bill.

The emergency will consist in declaring that the statute of limitations has run out for all trials initiated over two years ago and still without any known ruling, this due to the fact that it is deemed very difficult to establish any verdict at this stage of the process.

The other point in the judicial emergency will consist of naming a group of 200 ad hoc judges to visit every court and decide, after reviewing all trials initiated over five years ago, which ones require further investigation and which should be dismissed.

With this bill, the government intends "to restore the community's capacity for resolving disputes, a capacity gradually taken away by a slow but persistent process of "jurisdictionalization" which to a great extent is responsible for the congestion now paralyzing the courts."

According to the minister of justice, Colombians have grown accustomed to taking all their problems, even simple ones that could be solved through simple settlements, to legal offices, and the intention of the bill is to reverse this situation: "Let the judges handle only those cases in which society has been unable to find an adequate solution."

In his presentation of reasons for the bill, the minister gave statistics demonstrating the degree of congestion affecting all judicial offices, from civil and labor to the penal divisions, and referring to the effectiveness enjoyed by conciliation as a means of solution in labor and family affairs, a method now used in countries such as Peru and the United States.

Reforms

Reforms proposed by the bill are basically the following:

- Restoring to police authorities their competency for handling minor punishable acts such as petty theft and simple personal injury so they might settle such conflicts with a philosophy aimed more at the resolution of a social problem than penal repression.
- Giving police authorities or mayors competency to handle minor penal violations and misdemeanors such as taking justice into one's own hands, obstruction and disturbance of religious ceremonies, insult, and slander.
- Granting transit officials powers to similarly handle payment for damages, pending appraisal, due to traffic accidents causing only material damage.
- Instituting as a prerequisite for being able to institute legal complaints in labor disputes, the compulsory step of conciliation handled by labor inspectors.
- Expanding the competence of protectors of minors in

order to rule in disputes covered by family law. Creating family legal offices with two judges.

- Establishing the mechanism of conciliation in the field of administrative litigation in an attempt to, in addition to relieving congestion, prevent the government from wasting vast sums of money over complaints filed. Such conciliation will be conducted by the corporate attorney to whom the case is referred under subsequent control of the proper court or council of state.
- Creating centers of conciliation in institutions such as Bar Associations, Chambers of Commerce, legal advisory offices, and other foundations, with over 100 members and two years of existence, resolving matters amenable to such treatment.
- Empowering persons from the community chosen by local authorities so that, like justices of the peace in Peru, they may seek fair solutions to minor problems arising between residents.
- Reforming standards regulating traditional arbitration so as to make it more popular and less costly. Fairness conciliators will be trained by the Rodrigo Lara Bonilla Legal School and may be removed for cause.
- Creating mechanisms of institutional arbitration organized by Bar Associations and Chambers of Commerce in order to provide a compulsory social service with set rates and achieve the democratization of that mechanism.

Congested Courts and Effectiveness of Conciliation

For the minister of justice, congestion in legal offices is the result of the process of taking all disputes to court and one of the greatest problems now facing the branch.

In his presentation of reasons for the bill presented to Congress, the minister gives the following figures to demonstrate the problem of impunity which such congestion causes:

Nearly 350,000 complaints are filed with legal offices every year but only 25 percent of these are handled, meaning that 75 percent of the cases stack up every year. At the present time, over two million cases are on file that will have no other outcome than the cessation of investigations due to the statute of limitations.

In 1986, there were over a million and a half civil trials being handled by legal offices. Every judge was to handle an average of 242 trials, every civil circuit judge 1,202, and every municipal judge 923.

Only 23 percent of all labor cases are solved in less than six months and over 58 percent take over a year.

A ruling from the Supreme Court of Justice deprived police inspectorships of their capacity to punish minor infractions of petty theft and personal injury, and this single fact implied that every municipal penal court in Bogota handled an additional 10,000 cases due to the transfer of the respective cases, which were then dismissed due to the operational inability of handling the transfer.

In contrast with this alarming reflection of impunity, Giraldo Angel presented figures on the effectiveness of the mechanism of conciliation:

In the United States, only between five and ten percent of all civil complaints filed go to trial due to the fact that the rest are settled out of court.

Justices of the peace in Peru make up 80 percent of that country's legal officials and handle 51 percent of all disputes that come before the courts in an average of eight weeks.

In 1988, Colombia's Labor Inspectorates received an approximate total of 80,000 applications for conciliation, 60,000 of which were resolved positively. That same year, 15,000 complaints were filed with labor judges and took over a year to be resolved.

In 1989, defenders of minors acted as conciliators in 28,058 cases, representing 47 percent of all applications filed with Family Welfare and the country's juvenile courts.

* Businessmen Present Labor Reform Proposals

91SM0067A Bogota EL ESPECTADOR in Spanish 20 Oct 90 p 7-a

[Article by Henry A. Rodriguez]

[Text] Cali—First it was the government, then the labor confederations. Now it is the turn of businessmen and yesterday they took their first step.

Businessmen have now proposed what in their view labor reform should involve.

They do not fully share the opinions of Gaviria and his advisers, and yet Minister of Labor Francisco Posada de la Pena thinks everything could be put together in the nation's Senate.

At its 45th annual congress being held in this city, the National Federation of Businessmen (FENALCO) yesterday issued its version of the "labor upheaval."

In the opinion of FENALCO, the following guidelines should be adopted in order to modify the rules of the game now governing labor-management relations:

For FENALCO, the current system of unemployment compensation must clearly be reformed in the direction of modernizing workers' conditions but, without in any way affecting the search for ways to relieve companies' responsibility for this factor as a result of the unlimited retroactivity of unemployment.

The Federation prefers that the existing mechanism be modified through the establishment of a number of

private funds that might eventually become financial institutions whose contributors would be the workers themselves.

Businessmen do not share the government's view that in exchange for eliminating the stability clause, there should be an increase in "the existing and already extremely high indemnification tables that were designed for big industry, not small and medium-size businesses."

If we truly want to move toward a market economy, FENALCO says, it is essential to make it possible to establish working conditions in the form of a higher overall wage. In other words, there should be an overall wage for those receiving less than 410.25 pesos.

The wage must be the salary agreed upon, without including any of the taxes that now lend themselves to ambiguities.

As far as collective contracts are concerned, businessmen say, the government's bill is a good one because elimination of the mediation phase during negotiation of the list of demands truly makes collective bargaining easier and restores the true dimensions to the element of self-rule, inasmuch as it is up to those directly involved in the dispute to define their economic and professional conditions.

"Yes" to the six month test. For FENALCO, it is beneficial to leave the period during which the company determines whether or not the worker will fit in at six months.

They are asking for more flexible standards regulating temporary employment agencies. "This is a consequence of the fact that the latter have been the response to the businessmen's need not to face a labor situation filled with gaps, lack of precision, and inequities resulting from the rigidity of standards governing the labor contract."

"No" to unemployment insurance. Businessmen do not want to hear about it because, in their opinion, it does not function adequately in any of the countries where it exists (the United States, Spain).

An attempt must be made to strengthen trade unionism through the implementation of international agreements applicable to the highly individual Colombian circumstances. It proposes a restatement of Colombia's acceptance of decisions by organizations such as the ILO [International Labor Organization].

"No" to more maternity leave. "The government's proposal to extend it to 12 weeks and include the father deeply concerns the union of businessmen because it could become a discriminatory factor against unemployment of women."

FENALCO deems that the existing Social Security system must be modified inasmuch as it is neither logical nor efficient for an entity such as the ISS [Institute of Social Security] to be administered by three different boards. Its system of administration must be unified, its staff optimized, and service improved, making it possible, through contracts, for specialized entities to provide services which the Institute handles inefficiently.

Regarding public servants, it is necessary to state that their social services be defined solely and exclusively by the law. This regulation must be specific and provide the basis which public employees will use for their benefits and thereby truly control government spending.

Finally, businessmen have asked the country to debate the labor reform in a responsible and mature manner, without considering that labor gains are untouchable.

"We must act realistically and objectively, meaning that we must modify all those institutions covered by labor law which for over 20 years have demmonstrated that they produce no benefit but which, on the contrary, set themselves up as unsurpassable walls concealing a reality they do not understand," says Cesar Castro Garces, FENALCO legal vice president, speaking at the 45th National Congress of Businessmen.

* Future Constituent Assembly Composition Viewed

* Few Liberal Seats Predicted

91SM0095A Bogota SEMANA in Spanish 6 Nov 90 pp 28-31

[Text] The news last week was that Antonio Navarro was sweeping up in the Constituent Assembly elections. The news this week is that the Liberal Party has been the victim of the sweep. Because everyone was focusing on Navarro's results in the opinion polls and his 50 percent of the total vote, few were aware of an equally significant political development: The Liberal Party will not only lose its majorities, but will be relegated to third place among the country's political forces, behind the Conservative Party.

All of this can be seen in the results of the latest poll, taken Wednesday 30 October in the four main cities of the country by Carlos Lemoine's National Consulting Center (CNC). The survey was conducted as the lists of candidates for the assembly were just being announced, and Navarro had a tremendous advantage over everyone else because of the air time he got when he resigned from the Health Ministry. The survey revealed these figures: Navarro, 49.1 percent; Gomez and the National Salvation Movement, 16.3 percent; and Pastrana plus the Pastranist dissidents, Juan Gomez, Rodrigo Lloreda, and Diego Pardo, 22.3 percent. The Liberal Party has 11.8 percent in the polls, with all of its lists put together.

All of this will change between now and 9 December, when some candidates will gain ground and others will lose it. But given the short length of time that remains, they cannot change enough for the Liberal Party to climb above third place, behind M-19 and the two currents

combined into the Conservative Party: Social Conservatism and the National Salvation Movement.

A detailed study of the aforementioned survey reveals, in fact, that things are even more drastic. The Liberals are behind the National Salvation Movement and the Social Conservative Party not only when they are together, but also when they are considered separately.

Because of these unexpected percentages, SEMANA thought it would be interesting to do a mathematical and statistical analysis based on the results of the CNC poll to determine the composition of the National Constituent Assembly in terms of the number of seats each political force is likely to win. The results indicate that the number of seats each party will get, according to its showing in the Lemoine survey, will be as follows: 34 for M-19 [19 April Movement], 12 for the Gomez list, 16 for the Social Conservative lists, and eight for the Liberal Party.

The study revealed one fact that had not been noted until now: The Liberal Party's strategy of regionalizing the lists to try for the remainder vote was totally wrong. This strategy, which historically had worked for the party, was counterproductive in this case. A specialist in statistical analysis consulted by SEMANA asserted that "trying for the remainder vote on the theory that you should not put all your eggs in one basket works only if your rivals play the same game." In this case, the participants are all playing different games. Navarro and Gomez are playing Monopoly, with single lists; the Social Conservatives are playing Oligopoly, with four relatively strong lists; and the Liberal Party is playing Minifundio [land tenure system characterized by very small landholdings], with dozens of regional "mini-lists" that have little national appeal. Under these circumstances, trying for the remainder vote is like committing hara-kiri, because quotient beats remainder. Traditionally, in a Colombian congressional election, 20 percent of the seats are allotted by quotient and 80 percent by remainder. On 9 December, just the opposite will happen; approximately 80 percent will be allotted by quotient, 20 percent by remainder.

According to the computer simulation, the most advantageous strategy is that pursued by the Social Conservatives, the oligopoly. With a vote total identical to that of Alvaro Gomez, they will win more seats.

This means that not only will the Liberal Party receive a very low vote total, but its strategy guarantees that it will gain the least benefit from these votes. The small number of Liberal votes seen so far, distributed in any other form of lists, would have produced more seats. Of all the possible strategies, it adopted the worst one.

Another element that has not been considered so far in the electoral calculations is the fact that voter turnout will be much higher than usual. According to the surveys, more than 60 percent of the electorate intends to vote, which is ten percentage points higher than in a normal election. Considering that the potential electorate comprises 14 million people, if people actually vote according to their expressed intentions, about eight million people will participate in the Constituent Assembly elections. Assuming that not everyone who says he will vote actually does, the figure may be lower, but no less than 6.5 million.

All of the SEMANA projections were calculated on the basis of the 6.5 million figure, which represents an increase of nearly two million votes over what had been assumed until now, 4.5 million votes. An increase of this magnitude is very significant, because practically all of it is for Navarro. That is what makes it possible for the political bosses to keep most of their traditional constituencies and still not be elected. Based on 6.5 million votes, which is a conservative estimate considering the great expectations the Constituent Assembly has stirred, the quotient would be 92.857 and the remainder 36,000. People who have been elected to Congress with 60,000, 70,000 or 80,000 votes would not get a seat, because they are not taking into account that even if they keep their traditional constituencies, Navarro is garnering much more than that in abstention and opinion. No one has noticed yet that Navarro is taking nearly all his votes from the Liberal Party. According to the Lemoine poll, all the Conservative lists put together add up to 39 percent, which is the historical percentage obtained by that party. The Liberals, on the other hand, do not even reach 12 percent, a loss of nearly 40 percentage points.

The next opinion poll is that of Caracol-El Tiempo, the results of which will be released on Thursday of this week. It will be the last one to be published, as electoral law requires that the dissemination of poll results be suspended a month before the balloting. It will also be the first survey to be conducted nationally, as previous ones have been limited to the four main cities in the country. Presumably the results will be more realistic and definitive than those that have appeared to date. Since the poll will come out just a month before the elections, it must be assumed that things will probably not change significantly during that time. Many political bosses will assert that they believe in the ballot box, not the surveys, but it should be recalled that Duran Dussan said the same thing when the polls suggested that Gaviria would trounce him.

As a benchmark to determine how many seats the Liberals may win in the Constituent Assembly with their strategy of going for the remainder, SEMANA conducted a computer simulation with an alternative hypothesis. The assumption was that Navarro would drop ten points to get 39 percent, and that Alvaro Gomez' National Salvation Movement and the combined lists of the Social Conservative Party (Pastrana, Juan Gomez, Lloreda, Diego Pardo) would win 20 percent of the vote each. As for the Liberals, it was assumed that they would rebound to nearly double their previous figures and attain 20 percent as well. The final one percent was given to the Patriotic Union (UP). With these adjustments, the distribution of seats in the Constituent Assembly would be

as follows: 28 for Navarro, 14 for Alvaro Gomez' National Salvation Movement, 15 for the combined lists of the Social Conservative Party, 12 for the Liberal Party, and one for the UP.

It is interesting to note that while the Liberal Party, the Social Conservative Party, and the National Salvation Movement each garner 20 percent of the vote in this hypothesis, the number of seats they win varies according to the strategy they pursue. The Liberals would win three seats fewer than the Pastranists and two fewer than the Alvarists. Since the publication of new surveys will be prohibited after this week, it is an interesting exercise to compare the figures resulting from this hypothesis with those that come out of the El Tiempo-Caracol national survey this Thursday, to get an idea of what the actual distribution of seats will be in the assembly.

If Navarro does not drop considerably below the 39 percent at the national level, and if the Liberal Party does not rise significantly above the 20 percent, the glorious party of the happy faces and the liberal faces will come to the great Constituent Assembly, where the new institutional framework for the country will be designed, with a representation that is not only less than half that of M-19, but also only half that of the lists of the two Conservative currents combined. Unless the last survey reveals a Liberal vote that is more than 30 percent of the total, Cesar Gaviria will have the support of fewer than 18 delegates to advance his reform program.

These calculations make a mockery of all the figures the government and political pundits had been using until now. They began with an estimate of 36 seats, assuming the maintenance of the majorities that the Liberals have traditionally won in the last half century. From there they went down to 30, and then to 25. No one has mentioned the figure of 20, considering it impossible. In fact, the final result will probably be even lower. What no longer seems possible is that the Liberal Party will not be in third place after M-19 and the combined Conservative currents.

It remains to be seen whether all of this is a temporary collapse, as has happened before in Colombia, or a major change in the alignment of political forces in the country. The Liberal Party in England was the main party until World War I, after which it disappeared forever, being reduced to a minority force that never attained power again. It was replaced by the Labour Party, which from that time onward has alternated with the Conservative Party in holding the reins of power in the English dual-party system.

Navarro's strength may be like that of Rojas Pinilla, blooming one day and fading the next, after people take fright and return to the traditional distribution of forces. It is not certain, however, especially since this is not a presidential election, but one to draft a new constitution. Constitutions always reflect the composition of the political forces that designed them, and the political forces that meet in January of next year will not be liberal.

Twice in the last century the political balance of power has undergone a structural change. In 1886, after the Nunez Constitution, the Conservative Party became entrenched in power, where it would remain until 1930. That year, with the triumph of Olaya and later that of Lopez Pumarejo, the Liberal Party came to power. Despite the alternation mandated by the National Front, and despite two defeats due to schisms, the Liberal Party never lost its majorities. We shall see whether after 9 December, the date of the Constituent Assembly elections, the Liberal Party can still say, as President Gaviria said in his presidential campaign: There will be a future!

* Party Lists Analyzed

91SM0095A Bogota SEMANA in Spanish 6 Nov 90 p 40

[Commentary by Maria Isabel Rueda]

[Text] If I had to say which of the lists of candidates for the Constituent Assembly was the most balanced, original, and attractive to the electorate, there is no doubt that I would choose that of Antonio Navarro Wolf. Without getting into the panic that has been aroused by his great success in the popularity polls (which may be the topic of an upcoming and highly acclaimed column), the former guerrilla, who is nobody's fool, showed great political intuition in putting together his list with people from outside M-19 [19 April Movement] who had variety to offer.

And not only that. Navarro even went out looking for opposing viewpoints: There, in third place, is Alvaro Leyva, known as the "workhorse" of the government's efforts to negotiate peace with the Revolutionary Armed Forces of Colombia (FARC), whose members are not exactly "buddy-buddy" with those of M-19. He also called to his side Carlos Ossa, a bad politician but a "good egg," precursor of M-19's rapprochement with the country and a man known for his equanimity and level-headedness.

But among the eligible ranks Navarro has also placed the poet Maria Mercedes Carranza, who is not only an interesting representative of the female sex in the Assembly, but also a woman of vast intelligence and sensitivity.

It is a shame, however, that Navarro wrecked his list with the quota he had to assign to his own movement—a question of pure cronyism—in the form of Rosemberg Pabon, whose current antics still arouse strong suspicions among the public. I still don't understand why Navarro didn't give such a high position to a former comrade in arms, a young, highly intelligent and peacefully inclined person the likes of Carlos Alonso Lucio (please don't confuse him with his uncle ...).

The Social Conservative list also has noteworthy alternatives to offer. Augusto Ramirez Ocampo is a politician who has been halfway tested by the country. At the assembly, if his boss Misael allows him to, he will probably permit himself a modicum of brilliance. Carlos Rodado Noriega is another interesting option: These days it's not easy to find young and intelligent people who are active in the institutional parties. And then there's Rodrigo Llorente, who with the exception of his institutional antipathy, has a lot of intellectual ability to offer the country.

But without a doubt one of the best elements on the Pastranist list is Professor Sachica, who is not only a mature jurist but also a modern constitutionalist.

On the National Salvation list are several highly respected conservatives such as Raimundo Emiliani and Cornelio Reyes. But there are also original names, such as that of the ex-governor of Santander, Alvaro Cala, whose intelligence and virtue the country has only begun to glimpse. The National Salvation list, whose most significant flaw is its overwhelming preponderance of men, is the best guarantee for those who fear a constitutional debacle.

The Patriotic Union list, fortunately, includes that intellectually belligerent driving force, Alfredo Vasquez Carrizosa. It would be unforgivable not to have him at the assembly.

Carlos Lemos' list has, in addition to his own name, two especially good ones: Marcela Monroy, inventor of the tangle of the seventh ballot, which culminated in this institutional upset; and Patricio Samper, a categorically upright man whom we would have preferred to see in second place instead of fourth so that his chances of winning a seat at the assembly would be more than the present "we'll see."

But I also like two other lists of national scope: that of Horacio Serpa, which has in second place one of the few economists to run for the assembly, Guillermo Perry; and that of Jaime Castro, where Jesus Perez, who is "unimpeachable" when it comes to constitutional questions, is in a hopeful third place.

On the regional lists there are novel figures such as that of the former governor of Atlantico, Guillermo Panizza, who is assured of a seat. There is also historian Alvaro Tirado, of whom I am an institutional fan on institutional matters. And Hernando Gomez Buendia, who belongs to that group of Colombian scholars who have been preparing all their lives for an opportunity like this one, as if they knew it would come.

But sure, there are also lists I wouldn't vote for even if I were crazy. I wouldn't vote for the list of the former governor of Antioquia, Helena Herran de Montoya, who after driving Focine [state-run Cinema Financial Fund] into bankruptcy spent three years in her department's government insisting that drug trafficking was a figment of the imagination.

I wouldn't vote for the list of Luis Carlos Galan's brother, because it is time for what is left of his movement to stop using the slain leader's name like that of El Cid.

I wouldn't vote for Ramiro de la Espirella, columnist for EL ESPECTADOR, because he is so bitter.

And I definitely wouldn't vote for the list of Antioquian Ivan Marulanda, though I like him very much, because second on that list is Maria Teresa Herran, and that's that. You never know how damaging it may be for this journalist to get her dander up, if she happens to come across one of the sacrosanct rough spots in our National Constitution.

As for my favorites, along with the so-called "social forces lists" (which are a real Pandora's box), just one more comment: General Bonaparte said, pointing to the Egyptian monuments at the battle of the Pyramids on 21 July 1798, "Soldiers! Be aware that from the top of those pyramids, 60 centuries are watching you." Translated into the present day, this means: "Delegates to the Constituent Assembly! Be aware that from the top of that Constitution, 104 years are watching you."

* Ministers Differ on Economic Policies

91SM0094A Bogota SEMANA in Spanish 6 Nov 90 pp 52-55

[Text] The confrontation was not as intense as many had expected. And in spite of a few falls, in the end there were no winners or losers. That was the upshot of the most recent session of the National Council for Economic and Social Policy (CONPES), at which far-reaching decisions were made on liberalization, and the differences that have arisen between the ministers of finance and development on these matters were ironed out. "If I had to speak in terms of a winner," noted an independent observer interviewed by SEMANA, "I would say that the mechanisms proposed by Rudolf Hommes were imposed, but the gradualist spirit defended by Ernesto Samper was maintained."

Traditionally, the management of the country's economic policy has been characterized by a difference of opinion between the head of the Finance and Public Credit Ministry and the other ministers in the economic sphere. While the first is responsible for keeping the house in order and avoiding any monetary excesses, the others are supposed to fight for the funding they need to invest in the development of their respective sectors. This tug of war always results in a few scrapes.

The differences usually do not come out in public because, as former Minister Guillermo Perry Rubio said last week, "you wash your dirty laundry at home." In this government, however, the disagreements within the economic team have been grist for all the gossip mills. Especially the differences between Finance Minister Rudolf Hommes and Development Minister Ernesto Samper Pizano. It is no secret that the two officials have

different views and thoughts about the economy. The finance minister is an orthodox economist, defender of the free market. Samper, on the other hand, has an "ECLA-oriented" [Economic Commission for Latin America] approach that looks more favorably on state intervention and economic controls.

What has magnified the "confrontation" between the two ministers more than their ideological differences, however, is the political future of one of the protagonists. Everyone is waiting to see what Ernesto Samper will do at the Development Ministry. Even Samper himself. The only thing Rudolf Hommes cares about right now is being a good finance minister, so he doesn't mind being "burned" by unpopular measures. Samper, on the other hand, knows that his reputation is at stake. And right now the ones who hold the cards are the very same people who were once his harshest critics: industrialists. If he can win them over to his cause, as he appears to be doing, he will have taken a huge step toward achieving his presidential aspirations. It is no coincidence, then, that the differences between the two ministers have ended up focusing on the problem of the economic liberalization [apertura].

For the two officials, liberalization is an indispensable process for attaining higher economic growth rates in the country. In this sense, both are pro-liberalization. But while Hommes believes that the pace should be quicker, Samper thinks if international trade is freed up too rapidly, it could damage national industry. These differences were well known a long time ago, and the government never tried to hide them. Whenever anyone mentioned them to President Gaviria, he recalled a statement he made in his inaugural address, when he professed to be an adherent of the liberal principles of free inquiry and expressed his conviction that "we reach the truth through dialectical procedures."

In recent days, however, the differences have been intensifying. In the opinion of the finance minister and the chief of National Planning, Armando Montenegro, part of the inflation problem the country had been experiencing was due to the lack of clarity on the apertura. According to them, uncertainty was hampering imports and causing a build-up of international reserves, which when converted to pesos exerted undue pressure on price indices. They also contended that there was rising unease in the private sector, which had thus postponed many investment decisions. That was why they decided to submit to CONPES a document wherein they called for a definition of the rules of play and made a series of proposals on freeing up trade and managing tariffs with a view to extending the liberalization process.

In drafting the document, however, they did not consult officials in the other economic ministries, who only found out about it when it was presented at CONPES by the Ministry of Finance and Planning. This situation aroused a great deal of rancor, naturally. Indeed, President Gaviria himself felt obliged to intervene to smooth the ruffled feathers. In principle, the chief of state agreed with the document to the extent that it emphasized the importance of moving quickly to lay down clear rules of the game for the apertura. But he explained that before making any decision, it was necessary to discuss all opinions thoroughly.

As a result of that meeting, it was decided that a technical group be formed that would try to reach an agreement regarding the procedures to follow. The group was made up of Luis Jorge Garay and Luis Alfonso Torres, representing the Finance Ministry, Jose Antonio Ocampo and Leonardo Villar for the Development Ministry, Jose Leibovich for the Agriculture Ministry, Pedro Nel Ospina for National Planning, and Juan Carlos Jaramillo for the Bank of the Republic.

The technical group worked for a week, trying to reconcile all the positions, but finally the president of the republic decided that the best thing was to discuss all positions openly. He asked the ministers of economic development and agriculture to prepare their own documents for the next CONPES meeting, which was to be held on Monday 29 October.

Meanwhile, the president took it upon himself to set the scene for the implementation of the measures. He was quoted in an article in the daily EL TIEMPO, published on Sunday the 28th, as saying that so far more apertura announcements had been made than actual measures taken, and that it was necessary to intensify the process.

The following day, as expected, the National Council for Economic and Social Policy met at Narino Palace. Present were the ministers of: foreign relations, finance, development, agriculture, labor, health, and public works, as well as the principal advisers at the Ministry of Finance and Development, the managers of the Bank of the Republic and the National Federation of Coffee Growers, the director of the Foreign Trade Institute (INCOMEX), and the president of the republic with some of his advisers.

At the meeting, which began at 1630 hours, the document of the Ministry of Finance and National Planning, the document prepared by the Ministry of Economic Development, and a commentary on the latter also prepared by National Planning, were presented. After three hours of discussion, in which all the interested parties participated, an agreement was reached. The agreement was announced in a communique released by the Palace Press Office.

The Positions

The document of the Ministry of Finance and National Planning stressed the need for "a clear, well-defined and adequately disseminated schedule" for apertura in order to eliminate uncertainty in the private sector. It also proposed that three measures be adopted immediately. The first was to transfer to the free import system all tariff positions, with the sole exception of goods associated with national security. The second was to simplify

the tariff, cutting in half the number of levels contained in its current structure, from 14 to seven. And the third proposal was to establish a schedule for reducing tariff rates to a maximum of 15 percent within three years.

The document of the Development Ministry, on the other hand, expressed the belief that the opening up of trade should take place much more slowly: "To avoid upheavals in the production sector and to guarantee its support for the liberalization and tariff reform, both processes should be gradual." It also rejected the suggestion made in the original document that the apertura be used as a short-term tool to combat inflation. It therefore called for the preservation of the prior license for a large number of tariff positions, at least for another year. It suggested that the system of tariff surveys be maintained, and it proposed that the tariff reduction be less broad than that advocated by the Ministry of Finance and National Planning.

The Development Ministry document also said that the apertura announcements should be synchronized with the international negotiations now under way, particularly those under the auspices of the GATT and the Andean Pact. In the opinion of the Development Ministry, "this would make it possible to offer trade liberalization in the negotiations in exchange for concessions by other countries."

The finance minister, his adviser Oscar Marulanda, the chief of National Planning, and the manager of the Bank of the Republic, Francisco Ortega Acosta, all came out in defense of the first document at the meeting. Foreign Minister Luis Fernando Jaramillo was also in general agreement with its proposals. On the other side were the development minister and his adviser, Jose Antonio Ocampo. The latter also had the backing of Minister of Public Works Juan Felipe Gaviria, who, while opposing the maintenance of the prior license as a mechanism of international trade, defended the gradual nature of the liberalization process advocated by Samper. A similar stance was taken by Agriculture Minister Maria del Rosario Sintes.

In general terms, the meeting was less tense than expected. The position of the president of the republic was a critical factor. He expressed interest in all the proposals, and on more than one occasion he spoke up to make sure that the points of discussion were as clear as possible. One of those present at the Council meeting said that "the president is a gradualist, but a pragmatic one." Thus, in the end he reportedly supported the elimination of mechanisms that in his opinion have turned out to be inoperative, such as prior import licenses, which in the long run have merely served to generate corruption within various official agencies.

Finally, CONPES adopted a number of decisions that contain elements of both proposals. In general terms, the gradualist philosophy of the development minister prevailed, but the pace of apertura was made contingent exclusively upon the management of tariffs, as the finance minister and the chief of planning had wanted. On the other hand, Samper and his advisers managed to keep the levels of protection of national industry for the short run, and even to increase them. But Hommes and Montenegro had their way with respect to tariff reductions within a period of three years to a maximum of 15 percent, except for some goods such as automobiles. The number of tariff levels was reduced from 14 to ten, rather than the seven proposed by Finance and Planning. But the notion of waiting for the results of the GATT and Andean Pact negotiations to complete the liberalization was rejected, because the predominant opinion was that Colombia must join Venezuela in leading the apertura process, rather than following the more backward countries in the region.

In other words, there were no winners or losers, and the meeting ended on a much more cordial note than had been expected. In fact, it was decided to release the contents of the various documents that had been presented so that the public would be aware of the different positions and understand the effort that was made to reach the final compromise. All of this was in keeping with President Gaviria's opinion that major economic policy decisions (except, of course, those that may affect the behavior of the market in the very short term, such as a devaluation) must be debated publicly.

The only regret expressed by several of the officials who participated in the meeting, regardless of ideological persuasion, was that the natural differences of opinion between the ministers of finance and development overshadowed the importance of one of the most significant measures to be taken in this country since Decree 444 in 1967. For the first time, the tariff universe is completely free. And there is a clear plan to eliminate tariffs. What this means is that, at least as far as trade is concerned, now there are indeed more measures than announcements. And if the government manages to obtain the fiscal resources necessary to make up for the reduction in external taxes, the liberalization will be an irreversible process in which the country will be the ultimate winner.

[Box, p 54]

Differences in Proposals for Liberalization and Tariff Reform

Finance, Planning Proposal	Development Proposal
1. Immediate and indiscriminate liberalization of entire tariff universe.	Liberalization in two stages: one partial and selective in December 1990, keeping current quotas and tariff surveys in effect throughout 1991 for some sensitive domestic products.
2. Elimination of tariffs over a two year period, with an initial emphasis on consumer goods.	Elimination of tariffs over a two year period, with an initial emphasis on intermediate and capital goods not produced in this country.

Differences in Proposals for Liberalization and Tariff ReformContinued) (Continued)

Finance, Planning Proposal	Development Proposal
3. Surcharge in 1993: 8%	5% (in the absence of sufficient fiscal resources, 7%)
4. Maximum tariff (except for vehicles) cut from 50% to 15% in January 1993	Maximum tariff (except for vehicles) cut from 50% to 25% in January 1993
5. Tariff levels in 1993: 5, 10, 15%	0, 5, 15, 25%
6. Average nominal protection (including surcharge): Current = 35.1%; 1993 = 17.7%	Current = 35.1%; 1993 = 21.0%
7. Average actual protection (including surcharge): Current = 60.4%; 1993 = 28.1%	Current = 60.4%; 1993 = 34.6%

Ecuador

Secretary Rejects Former Cuban Agent's Charges

PA2111150090 Madrid EFE in Spanish 0259 GMT 20 Nov 90

[Text] Quito, 19 Nov (EFE)—Today Ecuadoran Presidency Secretary Gonzalo Ortiz rejected charges that President Rodrigo Borja had received money from Cuba for his 1988 presidential campaign. The charges were made by a former Cuban agent, and Ortiz termed them absurd and crazy.

The charges were made by Enrique Garcia, a former Cuban secret service agent, to a Miami radio station and were revealed to the media today in Quito by Social Christian Deputy Camilo Ponce. The deputy invited the domestic media to hear the recording.

In the recording, Garcia asserted that the Cuban Government had given President Borja $310,000 in cash to finance the democratic left's 1988 political campaign. The former Cuban agent also said that two current Ecuadoran ministers and two presidency officials are Cuban agents.

In a communique, Gonzalo Ortiz stated that this entire affair is an infamous hoax of the rightist opposition, which has used the discredited Cuban Government deserter's irresponsible statements to a Miami radio station to further their movement. Ortiz asserted this is a retaliatory action aimed at the Ecuadoran president for saying that it was not advisable for Latin American democracy to isolate Fidel Castro.

President Rodrigo Borja's comments irritated some Cuban exiles in Miami, including the deserter Garcia. The deserter's statements, which are crazy, absurd, and totally unimportant, coincide with the visit of former Ecuadoran President (1984-1988) Leon Febres Cordero to Miami, Ortiz added.

The communique also pointed out that the deserter's lies, paid for by who knows who, have served Camilo Ponce's show of colossal senselessness. Ponce, who reported Garcia's statements, has demanded that these serious charges be investigated. If the charges are true, he added, Ecuadorans would be watching the sale of Ecuador's national sovereignty.

Country To Sell Oil to Panama, Japan

PA2511041390 Paris AFP in Spanish 1250 GMT 20 Nov 90

[Text] Quito, 20 Nov (AFP)—Ecuador will sell 12,000 barrels of oil a day to Panama, starting in a few days, and an unspecified amount of oil to Japan, Energy and Mines Ministry spokesmen have announced.

Japan will buy Ecuadoran crude oil for the first time through long-term contracts. For that reason Energy and Mines Minister Diego Tamariz, Petroecuador [Ecuadoran State Petroleum Enterprise] President Luis Roman, and International Commerce Manager Bismark Andrade will be returning to Tokyo.

Paraguay

Uruguayan Minister Comments on Bush Plan, Visit

PY2711161490 Asuncion ABC COLOR in Spanish 27 Nov 90 p 11

[Text] Uruguayan Foreign Minister Hector Gros Espiell yesterday said in a news conference that the Mercosur [Southern Cone Common Market] countries will sign a "basic agreement" with the United States for the implementation of the Initiative for the Americas in the Southern Cone. He said the agreement will focus only on the "general guidelines" for the implementation of the program sponsored by U.S. President George Bush.

In remarks to reporters at the Uruguayan Embassy in Asuncion, Gros said: "The agreement to be signed will probably be a 'basic agreement' that will show that the United States and the four Mercosur member countries are determined to make progress in implementing the Initiative for the Americas (the Bush plan) in every area covered by the program."

Gros added: "The Uruguayan position is that the agreement must focus on general guidelines that could be instrumental in developing specific areas, but it could also include some specific points on international trade and investment."

Gros said that the picture will be much clearer "after the meeting scheduled for 27 November in Montevideo between Mercosur representatives and a U.S. Government special envoy."

Gros also added that no treaty will be signed during President Bush's upcoming tour of South America. He said: "I believe that if we reach a full understanding we will sign an agreement next week in Brussels on the occasion of the Uruguay Round of the GATT because the Argentine, Uruguayan, and Brazilian foreign ministers will be there. If not, it will have to be signed at a later date in Washington."

The Paraguayan Government yesterday decorated the Uruguayan foreign minister with the "Grand Cross" of the National Order of Merit. Upon bestowing the decoration on his Uruguayan counterpart, Paraguayan Foreign Minister Alexis Frutos Vaesken emphasized the exceptional level of Paraguayan-Uruguayan relations.

Gros will end his visit to the country today. He is scheduled to leave for Montevideo this morning.

Peru

Public Servants Demonstrate, Occupy Ministry

PY2711232890 Lima Television Peruana in Spanish 1800 GMT 27 Nov 90

[Excerpt] Employees of the National Tax Revenue Administration Superintendency [Superintendencia Nacional de Administracion Tributaria, Sunat] and of the Economy and Finance Ministry today staged demonstrations and protests to demand abrogation of a supreme decree and replacement of the CITE [Intersectorial Confederation of Public Employees] leadership.

Sunat employees, who are affiliated with the CITE, have occupied the fifth floor of the Economy and Finance Ministry as well as the Sunat headquarters on Miroquesada Avenue, Lima, since 0900 to demand payment of the tax fund [fondo tributario], which is equivalent to one percent of the fines collected from tax evaders. The government recently stripped the workers of this benefit through Supreme Decree 281-90.

The workers have requested a writ of amparo and have stated that they will not return to work until the court rules in their favor. [passage omitted]

Subversives Kill APRA Regional Secretary

PY2711141490 Lima Television Peruana in Spanish 1100 GMT 27 Nov 90

[Text] Huancavelica police are on the trail of the subversives who killed (Edilberto Delpino Sensano), the APRA [American Popular Revolutionary Alliance] general secretary in Huancavelica Department. Subversives killed him as he entered his house.

Japan's Ambassador Announces $27 Million Donation

PY2711180890 Lima Television Peruana in Spanish 0100 GMT 27 Nov 90

[Text] After praising the economic stabilization program of the government of President Alberto Fujimori, Japanese Ambassador to Peru Masaki Seo said that Japan will continue to assist Peru.

[Begin recording] [Reporter] In your opinion, what timely or prompt assistance will Peru receive from Japan?

[Seo] Well, we recently decided on a $27-million donation to help Peru to rejoin the international financial community and also to help Peru further promote its policy of structural economic adjustment.

[Reporter] In your opinion, is our current economic policy yielding any results?

[Seo] Well, yes. I believe that your government is making every effort to curb inflation, nationalize its economy, and increase its efforts to improve its economic structure. We respect very much your government's initiative and efforts, and also the results already achieved. [end recording]

Nuclear Institute Chief Advocates Privatization

PY2811001890 Lima EL COMERCIO in Spanish 15 Nov 90 p A 8

[Text] "The Peruvian Institute of Nuclear Energy (IPEN) must urgently be privatized because the government does not have the funds to make full use of its capacity," IPEN President Jose Dellepiane Massa, former Navy commander, retired, has said.

He said that because of the government's lack of funds, only five percent of IPEN's capacity is being used, while "its great technological potential is not being used." The services of the "Oscar Miro Quesada de la Guerra" Hurangal Nuclear Center (Racso) [expansion unknown], the Nuclear Medicine Center, and the "Pico-Onda" Technological Center project must be privatized, he said. If they are not privatized, the first two could cease their activities "because their assistance in the medical and agrarian fields is not very profitable."

Dellepiane said that soon he will meet with Confiep [National Confederation of Private Business] leaders to explain the advantages of nuclear energy to them. He has already sent his privatization proposal to the executive branch "because it is in keeping with the government's philosophy."

He reported that his organization will call for a public bid "so the IPEN laboratories will be administered by the private sector." Dellepiane made these statements after signing an agreement with the president of the National Institute of Cancer on scientific cooperation with the Nuclear Medicine Center.

Dellepiane said the budget allotted to IPEN is so small, its professionals receive ridiculous salaries, smaller than what an Electroperu [Peruvian State Electric Power Enterprise] receptionist receives.

"We cannot continue like this. It is not possible that an IPEN nuclear engineer should earn 56 million intis," Dellepiane said, adding that as chief of the institute, he earns 83 million intis.

"This cannot be. IPEN must be privatized. Otherwise, we will be lost and IPEN's great technological potential will be wasted," he said.

Dellepiane said that the main objective of the agreement with the National Institute of Cancer is "to favor scientific cooperation between the two organizations." He said that experts from the two institutes will carry out joint investigations in the nuclear medicine field and others. The Cancer Institute's medical doctors will also be trained to use nuclear medicine techniques in the field of radiology to assist cancer patients in the diagnosis and treatment stages.

Dr. Augusto Perez Albela, director of the Nuclear Medicine Institute, reported that a nuclear medicine course will soon be offered at Cayetano Heredia University if the 1977 agreement between this university and IPEN is renewed.

* Fujimori's Antisubversion Strategy Assessed

91SM0048B Lima DEBATE in Spanish Aug-Oct 90 pp 43-44

[Report by Maria del Pilar Tello]

[Text] The record of the five year period now drawing to a close has taught us to be cautious about our expectations and predictions, particularly when there are so few indicators and the enigma remains so great. Alberto Fujimori's new government has burst on the scene overturning existing frameworks and traditional prestige. A survey of the government reveals faces unknown until only recently, its rhetoric contains new elements, and the political scenario appears to obey intuition rather than logic.

Fujimori starts from a recognition of the internal causes that fuel violence. Going against the systematic resistance that conservative sectors have always exhibited, the new chief of state has introduced two heretofore unheard-of elements: the legitimacy of the revolt, arising out of injustice, and the determination to achieve reunification through dialogue, even with armed rebels.

Underlying this discourse can be nothing other than a gradual change that will finally eradicate nonideological causes of armed subversion. It is not that easy, as Alan Garcia could well testify, for his first arrests were also for the purpose of handling the scourge of violence politically and socially. Nor does anyone recall that he went so far as to formulate his proposals for pitting a "white" Senderism, meaning subversion without violence, against the Senderism of Abimael Guzman.

This may be one of the successes of Fujimori: the very clarity he has demonstrated in making a public distinction between the spirit of revolt channeled through fanatical ideologies and that channeled for constructive purposes within democracy and that must reach peace while doing justice to united left preachings.

Within such a framework, which is apparently what the president has in mind, the distinction is substantive. The concept of subversion concerns all those who take on this unjust and structurally violent society with sensitivity and even social exacerbation. In that sense, Henry Pease and Rolando Ames have claimed to be democratic, peaceful subversives. But subversion does not necessarily imply terrorism. Such a destructive method is only the tip of the iceberg of our national scourge.

An antisubversive strategy wielded as a basic pacifying proposal must necessarily coincide with the radical, integral change under whose inspiration the chief of state took power. It is a change that means deactivating the historic bombs that our society and ruling classes have allowed to remain. This and none other would be a real antisubversive strategy.

The antiterrorist strategy, much more modest in its goals, would be reduced to the already serious and important challenge of eradicating the present and active circumstantial terror by means of actions thought out in military and police terms. It is fundamental to have a new and suitable legal framework and a functional, effective Judicial Branch.

Fujimori connected moralization and pacification as the bases of his political action for good reason. The former is part of the latter. A lack of confidence in the government and politicians is lethal to any strategy which considers, as should be the case, a political response from society as a whole, without distinction as to groups or parties. The credibility of titular politicians in a democracy and redeeming the authority and representative nature of the government throughout the national territory depends on building confidence, inasmuch as that psychological factor legitimizes power. In short, this means something as simple as believing in politicians and the government and for both to demonstrate the ability to do their duty and meet payments.

We are facing a minirhetoric competing with that of the MRTA [Tupac Amaru Revolutionary Movement] and the Sendero Luminoso [Shining Path—SL] in its aim of taking over rebellions and offering redemption. The deideologized sentimental factor is being used by Fujimori with particular shrewdness and pragmatism. This is proved by his brilliant success in the emergency zone where his harvest of votes captured the imagination impacted by Senderist rhetoric and action in recent years. The long-suffering population, caught between two fires, has exhibited no letup in its indignation over injustice or its hope for peace. Fujimori responded to

their wants and desires, managing to become a blazing anti-Sendero with the votes of Sendero followers. His countenance identified and captured these loyalties with terms in keeping with the rebellion but different in their approach to action.

The brand-new president has thus outlined the oft-mentioned and long-demanded political response. The clamor for an antisubversive strategy under Belaunde and Garcia has been unanimous. Military men also, through illustrious spokesmen now in retirement, have demanded action in political trenches either abandoned or neglected now that there is no one left to deny the political roots and scope of the phenomenon.

All of which is connected with the handling of the civilian-military relationship. The request to replace military political commandos in emergency zones is contained in the response that Victor Polay would give to the presidential proposal for a dialogue with the subversives. This demand is also made by various sectors sensitive to military attrition, ineffectiveness, or abuses. Modification of the emergency rule contained in Law 24150 is a central point agreed upon by the entire spectrum, from human rights organizations to military men who feel they are the victims of a lack of civil responsibility and the makers of the obscure handling of the antiterrorist struggle.

However, in the military and police area, Fujimori has altered the playing board in an unexpected way. The civilian-military pact seems to be a reality with the authoritarian temptation that it implies. The new president has no organized political base, a base he will urgently need during the early months when the precarious stability and the impact of the deregulation and shock treatment result in foreseeable tensions. This is where the military support he so shrewdly set about capturing will come into play, followed by the other part of the give-and-take. If this means that all antiterrorist action will fall to the military, then the horizon looks dark and all our words will have been in vain. We shall then be right back where we started from, to a blank page requiring another and totally different analysis.

* APRA Senator on Regionalization Process

91SM0055C Lima EL NACIONAL (Sunday Supplement) in Spanish 7 Oct 90 p 5

[Interview with Senator Jorge Lozada Stanbury, of the American Popular Revolutionary Alliance (APRA) party, by Gabriela Bustamante; place and date not given—first paragraph is EL NACIONAL introduction]

[Text] APRA Senator Jorge Lozada Stanbury advocates defending the regional jurisdiction system, which sets forth certain decision-making procedures for regional governments. He recognizes, however, that there is less conviction and enthusiasm for carrying out this process. The senator from Arequipa is chairman of the Senate Regionalization Committee, and in that capacity he expresses his concerns and advocates following the will of the people as expressed in the consultations that will be held to solve the problems of some regions where certain groups are challenging and resisting their assimilation in existing regions.

[Bustamante] Three supreme decrees have been published that pose a threat to the administrative and economic autonomy of the regions. The San Martin-La Libertad Region has repudiated them. What is your opinion?

[Lozada] I think that we have a hierarchy here in terms of the validity of the legal provisions. The question is, which takes precedence, a regional law or a supreme decree? In my opinion it is the regional law. From that standpoint, Regional Law No. 001 is valid in all aspects. I would not have the same opinion of Regional Law No. 002, which calls for a pronouncement [pronunciamiento] by the population of the former department of San Martin to decide whether they want to remain in the San Martin-La Libertad Region, become an autonomous region, or go over to the Amazonas Region. This regional law is questionable, in my view, so the pronouncement should be subject to the provisions of the applicable law. I repeat, however, that the first law is well taken, because it is in defense of the regional jurisdiction.

[Bustamante] It would appear that the government is trying to deactivate the regionalization process, in the opinion of some people. Do you believe that?

[Lozada] I don't agree totally. On the one hand there are statements by the president of the republic to the effect that he is a fervent supporter of regionalization. With less enthusiasm, other government spokesmen say the same thing. If they have any credibility at all, we must believe that what has been accomplished so far in terms of regionalization will not be undone by this government. On the other hand, however, the supreme decrees referred to in your first question would suggest a desire to at least slow down the pace at which the previous administration was carrying out regionalization; in other words, to decelerate the process by temporarily suspending the effect of some provisions, such as the regional banking system. Therefore it is not entirely true that the government is trying to deactivate the process, judging by what we have seen, but it is clear that there is less conviction and enthusiasm for moving forward with the process.

[Bustamante] To what do you attribute that, Senator?

[Lozada] The answer is simple. Change 90 doesn't control any regional government; I think it has just one regional deputy. This government must be thinking that in a short time, two years, there will be municipal elections and it may very well want to run candidates for provincial mayoral positions. As you know, it is these mayors who make up the regional assemblies.

[Bustamante] Supreme decrees come and go, and most of them violate the laws and the Constitution. Do you think, Senator, that we will have to resign ourselves to this "new style"?

[Lozada] No, not at all. There is just one solution: Draft regulations for Article 211, Paragraph 20 of the Constitution to make the misnamed emergency decrees fit within the real meaning of extraordinary measures. In this way, we will have a clear idea of what the executive branch can do in the way of legislation, and time limits will be set.

[Bustamante] As a legislator, don't you feel partly responsible for this situation?

[Lozada] I accept this responsibility as a member of the legislature. Ten years have gone by without these regulations; we should not let another year go by. There are bills being drafted in that regard in both the Chamber of Deputies and the Senate. The Constitution Committee should, in my opinion, give priority to this matter.

[Bustamante] San Martin does not want to be together with La Libertad; Callao is reluctant to join Lima; Tacna now wants to separate from Puno. Will these positions end up shattering the new boundaries?

[Lozada] It is impossible to give an absolute answer of yes or no. We must take each case individually. In the first case, there is a bill that has already been reported out of committee which would allow the people of San Martin to express a desire to be an autonomous region or to join one of its neighbors, or to remain within the current region. I think that before the end of the year we will know the results of the survey and we will then have to accede to the popular will. The matter of Callao is less well developed, but I think it is clear that its present and future are more and more closely tied to Lima. Tacna will have to wait; its position is very premature. The implications of the problem and the proposed solutions will become clear in the medium term. [Bustamante] Briefly, Senator, what benefits does regionalization have for Peru?

[Lozada] It means choosing a structure of government that is totally different from what prevailed not only during the republican era, but also during colonial times. That was a centralist model that concentrated all the forces of the nation in Lima, sterilizing provincial development. The new model chosen by the delegates to the constituent assembly in 1978-79 defines a new decentralized structure through regionalization. Human and natural resources will remain in their place of origin, in general terms, which will allow for a better distribution of income and the harmonious development of the country.

[Bustamante] It has been argued that this was not the most opportune moment to carry out this process. What do you think?

[Lozada] We must not forget that regionalization is a constitutional mandate, not a political wish.

* SODE President Explains Party Goals

91SM0055B Lima EL COMERCIO (Sunday Supplement) in Spanish 14 Oct 90 pp 4-5

[Interview with Senator Manuel Moreyra Loredo, Solidarity and Democracy (SODE) party president, by Manuel Cisneros Milla; place and date not given—first paragraph is EL COMERCIO introduction]

[Text] Solidarity and Democracy (SODE) recently held its first party congress. Its president, Senator Manuel Moreyra Loredo, who was elected to a two year term, answered our questions about this event.

[Cisneros] In last year's elections it was observed that a large percentage of the electorate was attracted to candidates with no party tradition. As the brand-new president of SODE, do you agree with those who claim that this amounted to a rejection of the political parties?

[Moreyra] Your question is very interesting, but allow me to explain briefly what happened within SODE. The fact that I was elected president is not very important, because it is temporary. What we want to emphasize is that there is no *caudillo* among us, so that any person who agrees with our proposals, who joins the party and works within it, can aspire to the highest offices, including the presidency, the presidential candidacy, senate seats, or any other. There will be nothing to stand in his way, because there will always be a turnover in our positions and they will always be elected by a vote.

[Cisneros] When was SODE born?

[Moreyra] As a party, it was born just over a year ago. Before that we were part of a nonpartisan group that engaged in reflection and action. We registered as a party with more than 200,000 signatures, and when we began to organize at the national level we had to deal with the election campaign.

Our organization was unique, or at least it was not a run-of-the-mill party. We had three committees: policy, platform, and executive. Each had a chairman, and the chairmen rotated. That is, we had three rotating chairmen. Now, in our first congress, we accomplished two basic things: We approved a text outlining our ideological foundations, which is rather stilted and which we hope to polish and release this week. We believe that every party should be based on a doctrinal position. And we changed our bylaws, setting up a more or less traditional system with a president and an executive committee. The committee is headed right now by Deputy Fausto Alvarado, and has 20 members, with their respective secretariats. There is also a policy committee that advises the executive committee; in addition to the seven elected members, former Congressmen Javier Silva Ruete and Esteban Rocca and current Congressman Aurelio Loret de Mola also serve on this committee. We have a platform committee chaired by Guillermo Van Ort, which has four elected members and 20 undersecretariats, covering all areas of national concern. And there is a common president elected to a two

year term. All of these officers were elected in voting held at the provincial, departmental, and party congress levels.

[Cisneros] How many people have been elected?

[Moreyra] All together 61 people have been elected to these offices. But I reiterate that none of these positions involves leadership over the others. Our party is made up of citizens with equal rights.

[Cisneros] What other issue did this first congress address?

[Moreyra] Although the focus of our work over the three days was ideology and bylaws, we also studied the national situation.

[Cisneros] What conclusion did you reach in that regard?

[Moreyra] That the Peruvian political scene has changed a great deal in recent years, and these changes can be seen primarily in two elections: that of Ricardo Belmont as mayor of Lima, who alone and without any organization beat all the political parties; and that of Alberto Fujimori, who, once again, alone and without any party support, came in second and almost tied Dr. Mario Vargas Llosa, who was backed by a coalition of parties, in the first round of presidential voting.

[Cisneros] What importance do you attribute to these election results?

[Moreyra] We think there must be a very high percentage of our population, perhaps more than 50 percent, who feel an overall repudiation of politicians and politics. They see the politician as someone who wants to attain power so that he can prosper, and who only looks out for himself. They see the parties as elitist groups that have become entrenched and do not allow anyone from the rank and file to climb the ladder. And we are very worried about that, because democracy has to be something that is alive. This means that we cannot merely have periodic elections, after which there is once again a great divide between the people who vote and those who are elected. Rather, we must have constant interaction between those who hold public office, be it executive or legislative, and the electorate. This interaction demands constant contact between the two.

[Cisneros] And how does all this affect the political parties?

[Moreyra] That's what I was getting to. We must not forget that we congressmen are the representatives of the people. But obviously, no one can represent all of the people, because there cannot be unanimity. So each one represents portions of the electorate, and these portions must express themselves through channels. The parties are those channels. And what is a political party? It is an organized group of citizens that represents a portion of public opinion. Therefore, the discrediting of the parties and of politics in general is very serious, because it basically weakens democracy. I don't want to pass judgment on all the other political parties; there are a lot of people in them whom I respect a great deal. But clearly they are not managing to represent even half the population today. Thus it becomes necessary to organize new forces to try to overcome this situation. That is what SODE aims to do. And that, among other reasons, is why we stress that in our party there are no immovable leaders, no elite; anyone can participate and aspire to the highest offices, with the sole prerequisite being membership in our organization for a certain period of time.

[Cisneros] Have you specified how many years?

[Moreyra] We have decided that to be president of the party you need to have been a member for four years and a national leader for two years, or one year as an exception in election years.

[Cisneros] In all parts of the world and all periods of history, people have had and still do have a propensity to follow leaders. In Peru as well as the rest of the world, we see that people follow great men, leaders, *caudillos*, because of their ability to attract people, to bring them together, to persuade them to go along. How do you plan to buck this tide?

[Moreyra] There is no doubt whatsoever that the presence of a leader is very important, not only in Peru but anywhere in the world. But we must make the distinction that in other places there are longstanding traditional parties, and in them the leader is temporary; when he is gone he is replaced by another and the party remains. Anyone who joins the organization knows that he can rise at any time. Among us, in contrast (perhaps with the sole exception of the Popular Christian Party, which has a very solid doctrinal foundation, although the constant reelection of Dr. Bedoya may pose an obstacle to such a turnover—I don't want to pass judgment on them), political parties in general are formed without any basis in doctrine. They revolve around individuals. There may be other exceptions, such as the classic Communist Party, but even there Mr. Del Prado may have served too long as president. So it is necessary to combine or attain an equilibrium, with leaders elected to short terms and parties that remain organized around ideas and objectives that go beyond the political party.

[Cisneros] How can you illustrate this idea?

[Moreyra] If you'll allow me to use a little metaphor, it's something like saying what do you need to make a pencil write. You need to have lead in the pencil, and the lead is the party; you also need to have a point, and the point is the leader. But what you have to do is, when that point wears down, you have to make a new point in the lead. You can't have parties that don't have a point capable of writing, nor can you have nothing but lead, so that when the point wears down it gets dull and there's nothing there anymore.

[Cisneros] Specifically, what do you plan to do to restore faith in the party or in political parties?

[Moreyra] Several things. In the first place, we believe that parties should have a firm ideological base, and therefore we have spent almost an entire year drafting the Declaration that we will soon publish. This is because in our original manifesto we said that we wanted to gather together the best features of Christian humanism and of modern social democracy, but they had to be adapted to what they mean in and for Peru, that is, to the sum of SODE's aspirations and ideals, which we hope one day will translate into concrete actions once we reach power. We say that parties should be built on solid ideological foundations. In the second place, parties must show, through their leaders, that they have the generosity, the ability, and the flexibility necessary to avoid denying access to others, and finally we need to have a true interaction, which is extremely important, between the rank and file and the leadership, so that this communication can take place and representatives can really represent.

[Cisneros] What other factors do you think have led to the discrediting of parties and politicians?

[Moreyra] The discrediting, perhaps for more than 50 percent of the population, is not just that, it is much more complex. In Peru it is perfectly obvious that the legislature is not a popular institution; it has always been an institution that the people see from a certain distance. Peru is a president-oriented country. Moreover, we must say in all sincerity that the judiciary has been equally discredited. This is another very serious development. And why does the old legislative institution have so little prestige? Because to a certain extent it is an imported institution, and many people consider it artificial. This is not the case in other countries. For example, in the United States I was able to see how the congressional representatives are constantly keeping their constituents informed. They get letters from them very frequently, and every once in a while they return to their districts to talk to people and discuss their problems. And they can't run for reelection if this contact with their home base or constituents is infrequent. I was very surprised, because in our country this does not happen. Here the elected representative in very many cases leaves his electoral base and five years later expects to be reelected. Up there they have a living democracy that grows up from below, where the people feel that they are always represented, or at least that they are able to reach their representative. That's why we hope to maintain this interaction in political life.

[Cisneros] Political activity is an ongoing competition, and since you have decided to compete more effectively, can you tell us what other political parties in Peru you are closest to ideologically, and which ones you are furthest from?

[Moreyra] In our opinion, we should remain around what could be called the center of the Peruvian political spectrum. Clearly we reject, absolutely, Marxism in all its forms, particularly its Leninist-Maoist form. Nor do we consider ourselves liberals, with all due respect for that ideology, even though we did support a person like Mario Vargas Llosa, for which we make no apologies. We believe that in other cases it is more difficult to make an identification. I'm not going to name parties or political groups, because some are organized around vague ideas and the only thing they have is a leader, and when he dies the group or party usually ceases to exist. We don't think we represent classic social Christianism, but we are undoubtedly close to what could be considered modern social democracy and what could be called Christian humanism or a version of social Christianism. But we have tried to translate this into very pragmatic terms with respect to the Peruvian situation, and we are defining our ideology not only in these terms but also in terms of the national situation, what we would like to do for Peru, and therefore what we have to offer if we should attain power.

[Cisneros] What do you have to say in that regard?

[Moreyra] Politically speaking, we totally support representative democracy, although we believe it is not enough; it is necessary, but we must go beyond that?

[Cisneros] Where?

[Moreyra] It has to become a living reality, and on this point we agree with liberal thinking. We have an absolute tolerance for others' ideas, as long as they remain within democracy. In economic terms, we defend private property; we defend the need for a strong and efficient state, but one that fulfills its duties to defend the common good and does not invade spheres that are not within its purview. And in social terms, we defend the nuclear family.

[Cisneros] What is the country that you aspire to and desire to build?

[Moreyra] Peru is basically a *mestizo* country. Peru cannot be interpreted in light of what Europe is. Nor can it be interpreted in light of what the Inca Empire was. It is a country that must put together its full heritage. And this includes not only its Indian past and its Hispanic past, but also the contributions that other very important human groups have made. I don't want to mention all of them, but we have part of a black culture that is very rich; we have part of the Chinese culture, the Japanese, and many others as well. Peru is a synthesis of all this, and at the same time it is a disintegrated country. The first thing we have to do is integrate ourselves in both physical and human terms. We must eliminate the isolation and alienation.

Therefore, it is difficult for us to take a single country as a model. But I will say, in general terms, that we like the kind of democracy that exists in some European countries, such as Spain, and we also like the kind of development that is seen in Southeast Asian countries. In very personal terms, and here I don't pretend to represent the entire party because we have not defined this, but an economic system such as that of Southeast Asia combined with a democracy such as that of the

most advanced countries in Western Europe, plus a cultural system that involves all of our contributions and a full *mestizo* orientation, perhaps, that would be the ideal for a country such as ours.

*** Relations Worsen Among Branches of Government**

*** Public Supports Fujimori**

91SM0072A Lima EXPRESO (Sunday Supplement) in Spanish 14 Oct 90 p 2

[Commentary by Manuel D'Ornellas]

[Text] President Fujimori denies that he is encouraging or instigating a confrontation among the branches of government, but the truth is stronger than his words. Like it or not, he is embroiled in a dual conflict: with the legislature on the one hand and the judiciary on the other. They do take these confrontations seriously, and they are acting accordingly. In other words, without mincing words or actions, they are expressing their displeasure to the chief of state.

There is no doubt whatsoever that public opinion should back the president unanimously in this dual confrontation. The citizenry has traditionally felt that the legislature is composed mostly of good-for-nothings, and it has probably had this opinion reinforced by the actions—or failure to act—of the present Congress. Alberto Fujimori is not alone in his criticism of the legislative branch.

The support is even more widespread, no doubt, in his confrontation with the judiciary. The plight of those in jail not only inspires the justified sympathy of the majority, but it also reminds the man in the street, the common citizen, that if he is not in prison it is by the grace of God. In our country there are no guarantees—for those without patrons—against being picked up by the police and being sent on any old pretext to languish in Lurigancho year after year.

In other words, on this issue President Fujimori's words and deeds meet the needs of the masses and dispel their specific and tangible fears. And he does this with a unique sense of timing: After the "shock," which was gentle but hurt everyone alike, he has found a genuinely popular cause and he identifies with it so strongly that he is willing to do battle with the judges and their temporary allies, congressmen. The good guy against all the bad guys, in the best tradition of cowboy movies.

The problem is that this road leads nowhere, institutionally speaking. Although Fujimori's popularity is soaring and his ears resound with the applause and the fireworks, he will not persuade the judges to interpret the law in his favor, nor will he obtain a majority in Congress. Things will remain just as they are, in a dangerous stalemate among the branches of government.

Of course, the president may be tempted—and he may be advised by his neo-Velasquist aides—to vault over the legalities by removing the judges by decree or closing Congress. In other words, the famous "Bordaberrization," a military coup through a civilian leader like the one engineered by Juan Maria Bordaberry in Uruguay in the 1970s.

If Fujimori were to go this route—and, to be sure, there are no indications that he will—he would make the worst mistake of his life. Not only would he be violating the Constitution he swore to uphold, but more pragmatically, he would become a prisoner of the military commanders, without any institutional checks or balances.

The path of confrontation is a dead-end street, as we see it. That leaves the path of persuasion and negotiation. This route was opened up to him by Congress itself, when it turned his pardon into an amnesty, but the president disdainfully rejected it.

Flexibility is what Fujimori is lacking in these difficult times. The president has fallen captive to his conceptual rigidity. And there begins the vicious circle in which we now find ourselves.

*** Confrontation 'Unnecessary'**

91SM0072B Lima EL COMERCIO in Spanish 13 Oct 90 p A2

[Commentary by A.B.T.]

[Text] The president of Peru, Alberto Fujimori, is the only chief of state absent from the summit meeting of nine countries, now 11, that is being held in Caracas, Venezuela.

Why didn't the president go?

Because Congress did not act on President Fujimori's request for permission to leave national territory. Everyone was wrong: the government for requesting authorization belatedly and, Congress for not discussing it until the deadline had passed.

This incident has brought to light, both inside and outside the country, a dangerous phenomenon: the crisis in the president's relations with Congress and the judiciary.

The president took office at the worst time for the Peruvian economy, and in the middle of an uncontrolled subversive movement. The transfer of power from a government that threw the country into a state of disorder before leaving, to another government that has neither people nor program, was chaotic. Non-existent. But Fujimori was wise enough to select Juan Carlos Hurtado Miller to serve as chairman of the Council of Ministers, as well as several (not all of them) good ministers. The country accepted the emergency economic plan, even though the blow was severe. An unprecedented "paquetazo" [hard-hitting package] followed. Fortunately, there were no deaths, no rioting. The international community was and is generous and understanding. Fujimori's opponent in the electoral battle, Mario Vargas Llosa, extended his warm congratulations

and support. Thus, Fujimori began his administration under the most favorable auspices.

But 28 July was not a jubilant day for the new administration. The president launched an unexpected attack on the judiciary when he addressed Congress. The jabs at congressmen and judges were repeated several times.

The crisis began when the president spoke at the San Jorge Prison. After another broadside at the judiciary, he announced a "decriminalization" decree whereby the executive branch intends to pardon those who are being prosecuted in the courts.

Congress, the judiciary, the media, and law scholars all pointed out that the measure was unconstitutional. Publication of the decree was delayed; the justice minister promised to table it. A bill was introduced in the Senate to provide a legal outlet for the president's initiative.

Despite these political commitments, the government published the Decree to Pardon Defendants.

Immediately afterwards came another surprise announcement: The president signed a decree creating the Courts against Corruption, which are authorized to try, sentence, and accuse those responsible for the crimes of sexual abuse, extorsion, bribery, etc. All of these offenses are in the Penal Code, and the procedures are laid down for filing charges and prosecuting defendants. Another episode occurred at the Chorrillos Women's Jail. The president's remarks about those who criticized the decriminalization were the harshest yet; he called them everything from crooks to "jackals."

The executive branch, pursuant to current provisions of law, sent to Congress the Supplementary Credit Bill corresponding to the second quarter of 1990.

President Fujimori initiated his contacts at the Palace with the American Popular Revolutionary Alliance (APRA), apparently for the purpose of obtaining the necessary votes in the Senate to confirm the nomination of the President of the Central Reserve Bank (BCR). APRA was to guarantee passage, without debate, of the Second Supplementary Credit.

Dr. Chavez took office as president of the BCR, but the Supplementary Credit became a bone of contention.

Congress, in the midst of a growing political scandal, was unable to debate the credit because APRA and Change 90 prevented it from attaining the necessary quorum.

On 10 October the government took everyone by surprise and published Legislative Decree 614, approving the controversial credit. That same day it sent to Congress its request for permission to travel to Caracas.

The pace quickened. On Thursday, in a session of Congress at which APRA and Change 90 were missing, congressmen demanded that priority be given to discussion of the Supplementary Credit Bill, that a Motion to Censure the Presidency of the Congress be considered next, and that President Fujimori's request for permission to travel be considered last.

It is said that Deputy Victor Paredes, who presided over the session, spoke with the president of the republic by phone, and that the latter advised him to adjourn. Senator Moreyra was present when Deputy Paredes spoke with President Fujimori by phone. All indications are, then, that the president himself, faced with a choice between the credit debate, the censure of the president of Congress, and permission to travel, preferred to give up his trip.

The battle among the branches of government is not over. The country faces a grave political crisis, but one that is totally artificial and unnecessary.

The president does not have a party of his own, so his hands are free; and no party has a majority in Congress. But the cabinet, led by Mr. Hurtado Miller, is in charge of the financial end, and it has no political game.

There is no coordination between the administration and the other branches, or between the administration and its friends in Change 90. On the other hand, there appear to be influential advisers who are set on promoting a confrontation between President Fujimori and Congress and between him and the judiciary. Nothing good can come out of this for democracy or for Peru.

Uruguay

Pending 'Mutton Deal' With Iraq Suspended

PY2811021390 Montevideo EL DIA in Spanish 13 Nov 90 p 4

[Report by Saul Pina]

[Excerpt] Durazno—Businessman Martin Barera has returned from Iraq with the announcement that the pending mutton deal with Iraq has definitely been suspended. The best alternative for the Durazno meat packing plant is the EEC, and negotiations with them have greatly progressed, he added.

Barera said the economic blockade imposed on Iraq by the UN makes any direct or indirect deal impossible. "Once this subject is solved—and I hope it will be solved soon—the Durazno cold storage house can continue its business with Iraq because we were told that we were the first company to come to Iraq under the current situation, something that they appreciate," Barera said. He added: "Once again this confirms the good trade relations we have maintained with Iraq and the even better relations we intend to have with Iraq in the future." [passage omitted]

Venezuela

Government To Assume Private Sector Loss

PA2711152390 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 24 Nov 90

[All figures as heard]

[Text] In an unprecedented move aimed at strengthening Venezuela's private sector, President Carlos Andres Perez announced the decision to absorb a foreign exchange conversion loss of 30 billion bolivares out of a total of 300 billion bolivares in foreign debt owed by national businessmen.

This puts an end to the private sector's concern over its foreign debt, which is linked to agreements between the Central Bank and Venezuelan debtors.

[Begin President Perez recording] Those who owe 10 million bolivares or less—pardon me, I mean dollars because we are talking dollars here—will receive foreign currency for up to 35 percent of all debts that are recorded and recognized by Venezuela. In other words, the value of their debts has been discounted by 65 percent.

Debtors who owe more than 10 million bolivares will receive foreign currency for 70 percent of their recognized debts. They will receive this money in 20-year Central Bank bonds at four percent interest. These bonds will be redeemable annually throughout the 20-year period.

Given that no interest has been paid in preferential foreign currency since we assumed power on 2 February [1989], interest has been accumulating since that date. This interest will be paid within eight years, but without further accrual of interest. In other words, interest will not be paid on the interest earned.

This is the overall proposal that the government has presented to Venezuelan debtors. This offer will be good until 22 December 1991. [end recording]

It is now up to the businessmen to study the proposal made by the president, who has offerred to absorb 70 percent of the foreign exchange conversion loss for debts of over $10 million and 35 percent for debts that are below that figure.

President Carlos Andres Perez, Central Bank President Pedro Tinoco, and Cordiplan [Office of Coordination and Planning] Minister Miguel Rodriguez outlined the proposal to representatives of the various political parties. The government has offered to absorb 35 percent of all debts lower than $10 billion and 70 percent of all debts higher than that figure. The private debt—of some 400 debtors in the private sector—amounts to some $4 billion. These debts were recognized in 1983 and confirmed in 1987. According to what the Cordiplan minister has explained, on this occasion the president has offered to assume the exchange conversion loss, which amounts to some 30 billion bolivares.

* Gerver Torres Notes Privatization Takes Time

91SM0071D Caracas EL NACIONAL in Spanish 4 Oct 90 p D/2

[Text] Gerver Torres, minister-president of the Venezuelan Investment Fund (FIV), stated that the government is taking the time it needs for the privatization of state-run enterprises. The process, he said, is neither bogging down nor hurrying along. Neither one nor the other, but ....

"Some people say we are going too fast. I would like to point out that privatization processes throughout the world have taken time. I can cite several examples. In the case of the British, who are the paradigm of privatization, Margaret Thatcher took office in 1979 and it took her approximately three years to get privatization under way. Another example that is cited is that of the Mexicans, who began in 1983; that is, they have been going through this process for seven years. The Argentines are trying to carry out some transactions that they have not yet finalized, as in the case of the telephones and the airlines. But there is also some preliminary work that was begun as early as the Alfonsin government. In our case, the world will hear the news when the sale of VIASA [Venezolana Internacional de Aviacion, S.A.] is finalized, but meanwhile, there are the appraisals, the audits, etc."

He emphasized that it is a slow and complex process, although we would like it to move more quickly.

"We are making progress on the privatization of the banks, on the National Institute of Racetracks, on Venezuelan Shipyards, Inc. (ASTINAVE), on the sugar mills. We are working on a group of companies. I think that throughout the rest of this year and 1991, we will see a significant number of companies being transferred once and for all to the private sector."

As for the National Institute of Ports (INP) and the National Telephone Company of Venezuela (CANTV), he said that in January the INP is expected to begin functioning under a new system and that regular telephony has begun at CANTV.

"There are four areas where we are working simultaneously, including new regulations for the sector, a long-term plan for the country's telecommunications, and a plan to restructure and privatize the telephone company itself. It is not possible to restructure or privatize without having a medium- and long-term plan and an adequate regulatory framework."

The president of the FIV attaches the greatest importance to this aspect:

"The definition of the regulatory framework is essential to privatization. If it were simply a matter of selling a company, just as a private party sells a house, there

would be no problem. But when the state tries to privatize any of its activities, it has to get involved in the general regulatory framework to avoid mistakes. If, for example, you sell a company without defining the regulatory framework and then the latter changes after the sale has already taken place, it is possible that the company will be worth much more than it was when the state sold it, and the state would suffer considerable losses."

He acknowledges that it is also possible that within a given framework a company is not attractive to the private sector. "For this reason, we have to work on all fronts. It is not simply the sale of the company."

"Some congressmen have recommended to me that we proceed with caution, that we not go so fast. I highly value that opinion."

As for the National Institute of Racetracks, he emphasized that before it can be privatized, there must be an audit. The firms that can conduct such an audit have been invited to submit bids so that the most suitable one can be selected.

"The accounts at the racetracks must be straightened out so that they can be fully privatized."

* Ministers Queried About Brazilian Prospectors

91SM0071C Caracas EL DIARIO DE CARACAS in Spanish 17 Oct 90 p 35

[Article by Mariela Briceno]

[Text] "Once and for all, we should send a special joint bill, involving more funds and more activity so that we can do more than we have been to solve the problem of the *garimpeiros*, said Foreign Minister Reinaldo Figueredo during testimony before the Defense, Foreign Policy, Energy and Mines, and Environment Committees of the Chamber of Deputies. He was summoned to the Congress of the Republic to testify about the Brazilian miners, called *garimpeiros*, who have invaded Venezuelan territory.

That morning Minister Figueredo met with Defense Minister Hector Jurado Toro, Energy and Mines Minister Celestino Armas, and Environment Minister Enrique Colmenares Finol in his office to prepare their testimony regarding the case of the *garimpeiros*.

The ministers met with a hail of complaints, alleging everything from a possible loss of territory to a challenge to the full exercise of national sovereignty, including the hypothesis that the Brazilian Government is behind this. Specific cases were cited involving the genocide of Indians, and it was alleged that former Venezuelan officials are supporting and collaborating with the *garimpeiros*.

"I find it strange that people are saying there is naivete and a lack of foresight in this case," said Figueredo, noting a series of actions already taken by the Venezuelan Government in this regard. These actions include the promotion of the Amazon Pact by the first administration of Carlos Andres Perez as an Andean response to the Brazilian plan for occupying its own territory. He also pointed out that in May 1989 a mechanism was devised for joint consultation on the problem of the *garimpeiros*, and in successive consultations the importance of speeding up the process of densification and verification of the damages has been stressed so that such damages can be verified within the framework of joint cooperation.

The absence of densification is another element that contributes to the chaos. "This is not a problem of delimitation," said Figueredo, explaining that there is a confusion of terms, since delimitation involves consequences of a territorial nature and densification involves marking boundaries for the full exercise of sovereignty. According to Figueredo, the problem lies in the demarcation and establishment of boundary markers, which is a matter of exercising full sovereignty, in his words.

The foreign minister emphasized that for an observer "it is impossible to know where the southern border of Venezuela lies," and even finding the existing marker is difficult "because it has been swallowed by the jungle." On this basis, Figueredo stressed the importance of accelerating the demarcation of the border with Brazil as a means of preventing the illegal entry of gold prospectors. This could be achieved with the cooperation of the two states.

The foreign minister noted that the Brazilian Government is willing to cooperate on this matter, and indicated that President Collor had said as much at the meeting of the Rio Group presidents.

On the international level, the Venezuelan foreign minister said that this issue was covered at the Rio Group meeting, and that it was decided, along with Brazil and the countries of the Amazon Basin, that a joint position would be drawn up for presentation at the United Nations meeting to be held in Brazil in 1992.

"We must forge a position that is in keeping with our objectives, not the objectives of nations that have polluted the environment and now want to preserve a large area in pursuit of their own priorities," declared Figueredo.

Transnational Companies

Defense Minister Hector Jurado Toro, after categorically denying that he had said the Brazilian Government is supporting the actions of the *garimpeiros* in Venezuela, broached the possibility that "transnational companies might be behind this."

Jurado Toro stressed the excellent relations with the Brazilian Armed Forces, the progress that is being made

at the level of the National Guard and the Mining Police, and what is going to be developed in terms of infrastructure and intelligence.

[Box, p 35]

Chronology

9/25/90: Nine *garimpeiros* are caught at Sierra de Roraima.

10/1/90: Taumaturgo Vaz, a Brazilian general, asks that the *garimpeiros* who were "kidnaped" at the border be paid damages.

10/2/90: The court in Puerto Ayacucho opens an investigation into the nine *garimpeiros*.

10/7/90: Hilarion Cardozo says, "The government has an obligation to enforce sovereignty." Retired Capt Tomas Antonio Marino Blanco says, "The *garimpeiros* have the official backing of Brazil."

10/8/90: Minister Jurado Toro demands that Brazil respect the Venezuelan border.

10/9/90: Testimony by the *garimpeiros* reveals that the Brazilian Government is backing them, although President Carlos Andres Perez (CAP) denies that any such official support exists.

10/10/90: The Venezuelan Armed Forces plan a "sweep" of the *garimpeiros* along the border, "at an undetermined time and place."

10/11/90: Deputy Rafael Rodriguez Acosta complains that the activities of the *garimpeiros* are financed by drug trafficking; Brazil officially admits that the landing strip is in Venezuela.

10/13/90: Collor de Mello reaches agreement with CAP to order the bombing of the secret airstrips.

A.A.A./Documentation

* Sosa Pietri on Increasing Oil Production

91SM0071B Caracas EL UNIVERSAL in Spanish 22 Oct 90 p 7, Sec. 2

[Text] At the opening session of the 5th Venezuelan Conference on Geophysics, the president of Venezuelan Petroleum, Inc. (PDVSA), Andres Sosa Pietri, emphasized that the petroleum plan designed by Venezuelan Petroleum calls for a gradual increase in the country's oil production until it reaches 2.7 million barrels per day in 1993 and 3.1 million barrels per day in 1995, with a potential of 3,650,000 barrels per day. "The cost, approximately US $8 billion, is being financed directly by PDVSA. Under no circumstances will any partnerships be allowed for the development of this part of the plan," he stressed.

Sosa added that the petrochemical plan includes the development of a series of projects, including one in El Tablazo to be based on olefins; in Amuay and Cardon, based on refining currents; in El Palito, based on BTX; and in Jose, based on propylene. "This plan represents investments of nearly US $6 billion. The petrochemical companies will be mixed, with minority shares held by the Petrochemical Company of Venezuela (PEQUIVEN) and the participation of private partners from both Venezuela and abroad. Thirty to 40 percent of the financing will come from the partners, and 60 to 70 percent will come from the national and international financial communities through the system of project financing. This financing is therefore guaranteed by the project, without the Venezuelan nation or PDVSA having to pledge collateral," he explained.

As for the gas plan, Sosa indicated that the third train in the Jose cryogenic upgrading plant will be built to expand its capacity; the effort to convert vehicles to run on natural gas, already begun by CORPOVEN [a subsidiary of PETROVEN], will be continued; and the Cristobal Colon liquefied natural gas project will be carried out in a mixed company, for which LAGOVEN [a subsidiary of PETROVEN] has already chosen the partners.

Regarding the coal plan that will conclude in 1996, the PDVSA president stated that production at Carbozulia will be increased from the current 1.5 million tons a year to ten million tons a year. By the second phase (1996-2000), capacity will be increased to 20 million tons. The preferred markets for selling the coal are in northern Europe and Scandinavia, and the project is being carried out with a system of mixed companies. The financing is similar to that of the petrochemical plan, he indicated.

For the Orimulsion development and marketing plan, Sosa Pietri said that production is expected to be 720,000 equivalent barrels per day in 1996, more than 1.5 million barrels by the year 2000. "The financing will come directly from PDVSA," he explained.

Venezuela a Pioneer in Geophysics

At the beginning of his speech, the PDVSA president said that thanks to the great experience accumulated by the oil industry in the field of geophysics, it is in a position to face the challenge of operating internationally in the areas of exploration and production. He acknowledged that the application of knowledge in geophysics has given a very important impetus to the exploration effort in recent years and has played a key role in the new discoveries by making it possible to delineate structures at great depths. Such structures had been impossible to detect just a few years ago using traditional methods.

"The current mastery of aereogravimetric methods, tridimensional seismology, interactive work stations, and the support of supercomputers enable our geophysicists today to cover thousands of kilometers in a short time. They are able to detail the thinnest layers of subsoil, and

to gather, process, and interpret a huge volume of information in very short periods of time," emphasized Sosa Pietri.

He added that the current oil situation calls for a more intensive and effective effort at exploration, and the role of geophysics will be critical in this effort. Among the challenges ahead, he mentioned that in exploration the goal is to increase the current figure of 35,000 kilometers of bidimensional seismic lines called for in the 1990-1995 plan to 60,000 kilometers. In addition, 2,700 square kilometers of tridimensional lines must be added for the production function.

Moreover, the exploration effort will be oriented toward areas that are more difficult to gain access to and are more complex geologically, such as the North Andean Face, Perijia, the swampy areas east of Maturin, and the Catatumbo River.

Finally, the PDVSA president pointed out that the industry intends to strengthen university programs where geophysics is taught. For this very purpose, just two months ago Simon Bolivar University opened up a geophysics program, sponsored by PDVSA and directly involving the Cepet [expansion unknown].

* Commentator Warns of Return to 'Statism'

91SM0071A Caracas NUMERO in Spanish
21 Oct 90 p 6

[Commentary by Arturo Obadia Beracasa]

[Excerpt] [Passage omitted] The budget is threatening to reach 800 billion bolivares, using the petrodollar, which there is no guarantee we will earn in 1991, to cover ordinary expenses; and the Social Christian Party (COPEI) is demanding that the budget include direct subsidies that had apparently already been eliminated from the social strategy of our economy.

It seems that the popular belief that Venezuela is a lucky country and that President Perez is a great magician is beginning to be bought by the politicians, even newly minted ones. Even the minister of the Office of Coordination and Planning (CORDIPLAN) is now asserting that the budget can be balanced only with windfall oil revenues. This is an obvious acknowledgement that the policy of building a solid economy by balancing the budget at all costs, has been abandoned.

It appears that after an attempt at neoliberal policy, which we never called by that name because it was politically negative and smacked of submission to the IMF, now we want to return to a policy of growing statism, without calling it by that name because we have realized that the populace had accepted the idea of a short-term sacrifice to build a healthier Venezuela. A classic example of the "ocelot phenomenon": changing things so that they will stay the same.

But while these messages may temporarily fool those Venezuelans who do not understand the finer points of the economic cycle, they will not hoodwink foreign investors who had been looking into the possibility of returning to a Venezuela now routed on the right path. Nor, in the long run, will they fool the majority who do not now understand the statements, but who will eventually suffer the consequences of failing to properly invest the surplus of dollars that Saddam Husayn's adventure has bestowed on us. We should not make mistakes with that gift: We should use it for 1) developing our oil production capacity, 2) forming partnerships with refining companies in other countries, especially in the Far East, and 3) establishing oil processing companies in this country, with partnerships between foreign and domestic capital. In the long run, these three actions will enhance the value of this wealth that we can extract so easily.

It is understandable for any human being or society to make a mistake once; what is unacceptable is the blind repetition of the same mistake, knowing the inevitable consequences that will ensue when oil returns to normal market prices.

That is, if we have any common sense.

Guyana

Foreign Minister Resigns After Son Arrested

FL2711180590 Bridgetown CANA in English
1316 GMT 27 Nov 90

[Text] Georgetown, Guyana, Nov. 27, CANA—Guyana's Foreign Minister Rashleigh Jackson has resigned following the arrest of his 29-year-old Rastafarian son on a drug charge, the government announced.

He was the longest serving foreign minister in the Caribbean Community (Caricom), having been in the post for over a decade. President Desmond Hoyte "reluctantly" accepted the resignation but said he understood the reasons for Jackson's decision to step down. Hoyte has temporarily taken charge of foreign affairs.

Martin Jackson and a female companion, Lavern Burrowes, were arrested on Saturday after police found a quantity of marijuana upon searching the car in which they were travelling.

They appeared in court here on Monday and were remanded in custody until December 3 when they will make another court appearance.